H. Rept. No. 100-433

Report of the Congressional Committees Investigating the

# Iran-Contra Affair

Appendix B: Volume 3
Depositions

Daniel K. Inouye, Chairman, Senate Select Committee Lee H. Hamilton, Chairman, House Select Committee

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

U.S. House of Representatives Select Committee to Investigate Covert Arms Transactions with Iran

November 13, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

Washington: 1988

•

DAMEL K MOUYE, HAWAI, CHARMAN

GEORGE J. MTCHELL, MAINE
SAM MUNN, GEORGIA
PAUL S SAMBARTS, MARYLAND
HOWELL T HEFLIN ALMGAMA
LOAND L ROBER DIX ANGMA
AND L ROBER DIX ANGMA
ANGMA
AND L ROBER DIX ANGMA

CHIEF COUNSEL

MARK A. BELNICK. PAUL BARBADORO.

EXECUTIVE ASSISTANT DEPUTY CHIEF COUNSEL

TO THE CHIEF COUNSEL

MARY JANE CHECCHI, EXECUTIVE DIRECTOR

C.H. ALBROGHT JA. DANNEL FINN C.H. HOLMES CHARLES M. KERR JOYL P LISKER
RICHARD D. PARRY
JOHN D. SAXON
TERRY A. SMILJANICH
THROTHY C. WOODCOOK

### United States Senate

SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis President pro tempore United States Senate Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

sincerery,

Warren B. Rudman Vice Chairman

Daniel K. Inquye Chairman



LEE H HAMILTON, INDUMA, CHARBAN
DANTE B. RASCELL FLORIDA, VICE CHAIRMA
THOMAS S. FOLEY, WASHINGTON
PETER W. ROGINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LES ASPIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENNING REGIGER.

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGGLESTON, DEPUTY CHIEF COUNSEL
CASES MILLER STREET CHIEF COUNSEL

U.S. HOUSE OF REPRESENTATIVES

SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

ONCK CHENEY, WYOMING WM. S. BROOMFRELD, MICHIGAN HENRY J. HYDE, ILLINOUS JIM COURTER, NEW JERSEY BILL MICOLLUM, FLORIDA MICHAEL DI-WINE, ONLD

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

The Honorable Jim Wright Speaker of the House U. S. Capitol Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton Chairman

#### **United States Senate**

### Select Committee on Secret Military Assistance To Iran and the Nicaraguan Opposition

Daniel K. Inouye, Hawaii, Chairman Warren Rudman, New Hampshire, Vice Chairman

> George J. Mitchell, Maine Sam Nunn, Georgia Paul S. Sarbanes, Maryland Howell T. Heflin, Alabama David L. Boren, Oklahoma

> James A. McClure, Idaho Orrin G. Hatch, Utah William S. Cohen, Maine Paul S. Trible, Jr., Virginia

> > Arthur L. Liman Chief Counsel

Mark A. Belnick Executive Assistant To the Chief Counsel Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi Executive Director

Lance I. Morgan Press Officer

### United States House of Representatives

# Select Committee to Investigate Covert Arms Transactions with Iran

Lee H. Hamilton, Indiana, Chairman Dante B. Fascell, Florida, Vice Chairman

Thomas S. Foley, Washington
Peter W. Rodino, Jr., New Jersey
Jack Brooks, Texas
Louis Stokes, Ohio
Les Aspin, Wisconsin
Edward P. Boland, Massachusetts
Ed Jenkins, Georgia

Dick Cheney, Wyoming, Ranking Republican
Wm. S. Broomfield, Michigan
Henry J. Hyde, Illinois
Jim Courter, New Jersey
Bill McCollum, Florida
Michael DeWine, Ohio

John W. Nields, Jr. Chief Counsel
W. Neil Eggleston

W. Neil Eggleston

Deputy Chief Counsel

Kevin C. Miller Staff Director

Thomas R. Smeeton Minority Staff Director

George W. Van Cleve Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

### **United States Senate**

# Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition

Arthur L. Liman Chief Counsel

Mark A. Belnick Executive Assistant to the Chief Counsel Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi Executive Director

Lance I. Morgan Press Officer

Associate Counsels

C. H. Albright, Jr. Daniel Finn
C. H. Holmes
James E. Kaplan
Charles M. Kerr
Joel P. Lisker

W. T. McGough, Jr. Richard D. Parry John D. Saxon Terry A. Smiljanich Timothy C. Woodcock

#### **Committee Staff**

| Assistant Counsels   | Steven D. Arkin*   | Staff Assistants            | John K. Appleby       |
|----------------------|--------------------|-----------------------------|-----------------------|
|                      | Isabel K. McGinty  |                             | Ruth Balin            |
|                      | John R. Monsky     |                             | Robert E. Esler       |
|                      | Victoria F. Nourse |                             | Ken Foster*           |
| Legal Counsel        | Philip Bobbitt     |                             | Martin H. Garvey      |
| Intelligence/Foreign | Rand H. Fishbein   |                             | Rachel D. Kaganoff*   |
| Policy Analysts      | Thomas Polgar      |                             | Craig L. Keller       |
| Investigators        | Lawrence R.        |                             | Hawley K.             |
| _                    | Embrey, Sr.        |                             | Manwarring            |
|                      | David E. Faulkner  |                             | Stephen G. Miller     |
|                      | Henгу J. Flynn     |                             | Jennie L. Pickford*   |
| Press Assistant      | Samuel Hirsch      |                             | Michael A. Raynor     |
| General Accounting   | John J. Cronin     |                             | Joseph D.             |
| Office Detailees     | Olga E. Johnson    |                             | Smallwood*            |
|                      | John C. Martin     |                             | Kristin K. Trenholm   |
|                      | Melinda Suddes*    |                             | Thomas E. Tremble     |
|                      | Robert Wagner      |                             | Bruce Vaughn          |
|                      | Louis H. Zanardi   | Administrative Staff        | Laura J. Ison         |
| Security Officer     | Benjamin C.        |                             | Hilary Phillips       |
|                      | Marshall           |                             | Winifred A. Williams* |
| Security Assistants  | Georgiana          | Secretaries                 | Nancy S. Durflinger   |
|                      | Badovinac          |                             | Shari D. Jenifer      |
|                      | David Carty        |                             | Kathryn A. Momot      |
|                      | Kim Lasater        |                             | Cindy Pearson         |
|                      | Scott R. Thompson  |                             | Debra S. Sheffield*   |
| Chief Clerk          | Judith M. Keating* | Receptionist                | Ramona H. Green       |
| Deputy Chief Clerk   | Scott R. Ferguson  | Computer Center<br>Detailee | Preston Sweet         |
|                      |                    |                             |                       |

## Committee Members' Designated Liaison

Senator Inouye Peter Simons Senator Boren Sven Holmes **Blythe Thomas** Senator Rudman William V. Cowan Thomas C. Polgar Jack Gerard Senator McClure Senator Mitchell Richard H. Senator Hatch Dee V. Benson Arenberg James G. Phillips Senator Nunn Eleanore Hill Senator Cohen James Dykstra L. Britt Snider Jeffrey H. Smith Richard Cullen Senator Sarbanes Frederick Millhiser Senator Trible Senator Heflin Thomas J. Young

#### Part Time\*

Assistant Counsel Hearings Coordinator Staff Assistants

Interns

Joan M. Ansheles
Edward P.
Flaherty, Jr.
Barbara H. Hummell
David G. Wiencek
Nona Balaban
Edward E.
Eldridge, III
Elizabeth J. Glennie
Stephen A. Higginson
Laura T. Kunian
Julia F. Kogan
Catherine L. Udell

Peter V. Letsou

Document Analyst Historian Volunteers Lyndal L. Shaneyfelt Edward L. Keenan Lewis Liman Catherine Roe Susan Walsh

<sup>\*</sup>The staff member was not with the Select Committee when the Report was filed but had, during the life of the Committee, provided services.

# United States House of Representatives

### Select Committee to Investigate Covert Arms Transactions with Iran

## **Majority Staff**

John W. Nields, Jr. Chief Counsel

W. Neil Eggleston Deputy Chief Counsel

> Kevin C. Miller Staff Director

Special Deputy Chief Counsel Staff Counsels

Charles Tiefer Kenneth M. Ballen Patrick J. Carome V. Thomas Fryman, Jr. Naughton

Press Liaison Chief Clerk Assistant Clerk Research Director Research Assistants

Pamela J. Joseph P. Saba Robert J. Havel Ellen P. Rayner Debra M. Cabral Louis Fisher Christine C. Birmann Julius M. Genachowski Ruth D. Harvey James E. Rosenthal Systems Administrator Systems Programmer/ Analysts Executive Assistant Staff Assistants

Zimmer Charles G. Ratcliff Stephen M. Rosenthal Elizabeth S. Wright Bonnie J. Brown Christina Kalbouss Sandra L. Koehler Jan L. Suter Katherine E. Urban Kristine Willie Mary K. Yount

Catherine L.

## **Minority Staff**

Thomas R. Smeeton Minority Staff Director

George W. Van Cleve Chief Minority Counsel

Richard J. Leon Deputy Chief Minority Counsel

Associate Minority Counsel Assistant Minority Counsel Minority Research Director

Robert W. Genzman Kenneth R. Buck

Bruce E. Fein

Minority Staff Editor/Writer Minority Executive Assistant Minority Staff Assistant

Michael J. Malbin

Molly W. Tully

Margaret A. Dillenburg

# Committee Staff

| Investigators        | Robert A.          | Security Officers | Rafael Luna, Jr.  |
|----------------------|--------------------|-------------------|-------------------|
|                      | Bermingham         |                   | Theresa M. Martir |
|                      | James J. Black     |                   | Milagros Martinez |
|                      | Thomas N.          |                   | Clayton C. Miller |
|                      | Ciehanski          |                   | Angel R. Torres   |
|                      | William A. Davis,  | Editor            | Joseph Foote      |
|                      | III                | Deputy Editor     | Lisa L. Berger    |
|                      | Clark B. Hall      | Associate Editor  | Nina Graybill     |
|                      | Allan E. Hobron    | Production Editor | Mary J. Scroggins |
|                      | Roger L. Kreuzer   | Hearing Editors   | David L. White    |
|                      | Donald Remstein    | · ·               | Stephen G. Regan  |
|                      | Jack W. Taylor     | Printing Clerk    | G. R. Beckett     |
|                      | Timothy E. Traylor |                   |                   |
| Director of Security | Bobby E. Pope      |                   |                   |

### Associate Staff

| Associate Stair            |                         |                          |                    |
|----------------------------|-------------------------|--------------------------|--------------------|
| Representative<br>Hamilton | Michael H.<br>Van Dusen | Representative<br>Boland | Michael W. Sheehy  |
| <b>n</b>                   | Christopher Kojm        | Representative           | Robert H. Brink    |
| Representative             | R. Spencer Oliver       | Jenkins                  |                    |
| Fascell                    | Bert D. Hammond         | Representative           | Steven K. Berry    |
|                            | Victor Zangla           | Broomfield               | David S. Addington |
| Representative             | Heather S. Foley        | Representative           | Diane S. Dornan    |
| Foley                      | Werner W. Brandt        | Hyde                     |                    |
| Representative             | M. Elaine Mielke        | Representative           | Dennis E. Teti     |
| Rodino                     | James J.                | Courter                  |                    |
|                            | Schweitzer              | Representative           | Tina L. Westby     |
| Representative             | William M. Jones        | McCollum                 |                    |
| Brooks                     |                         | Representative           | Nicholas P. Wise   |
| Representative             | Michael J. O'Neil       | DeWine                   |                    |
| Stokes                     | Richard M. Giza         | General Counsel to       | Steven R. Ross     |
| Representative             | Richard E. Clark        | the Clerk                |                    |
| Aspin                      | Warren L. Nelson        |                          |                    |



# **Contents**

# Volume 3

| Preface               | XXI  |
|-----------------------|------|
| Byrne, Phyllis M      | 1    |
| Calero, Adolfo        | 35   |
| Castillo, Tomas ("W") | 239  |
| Cave, George W        | 563  |
| C/CATF                | 1077 |



# **Depositions**

#### Volume 1

Airline Proprietary Project Officer. Alvarez, Francisco J. Allen, Charles. Arcos, Cresencio.

#### Volume 2

Armitage, Richard.
Artiano, Martin L.
Associate DDO (CIA).
Baker, James A., III.
Barbules, Lt. Gen. Peter.
Barnett, Ana.
Bartlett, Linda June.
Bastian, James H.
Brady, Nicholas F.
Brown, Arthur E., Jr.

### Volume 3

Byrne, Phyllis M. Calero, Adolfo. Castillo, Tomas ("W"). Cave, George W. C/CATF.

### Volume 4

Channell, Carl R.
Chapman, John R. (With Billy Ray Reyer).
Chatham, Benjamin P.
CIA Air Branch Chief.
CIA Air Branch Deputy Chief.
CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
CIA Identity "A".

#### Volume 5

CIA Officer.
Clagett, C. Thomas, Jr.
Clark, Alfred (With Gregory Zink).
Clarke, George.
Clarridge, Dewey R.
Cline, Ray S.
C/NE.
Cohen, Harold G.

#### Volume 6

Collier, George E.
Cole, Gary.
Communications Officer Headquarters, CIA.
Conrad, Daniel L.

#### Volume 7

Cooper, Charles J.
Coors, Joseph.
Corbin, Joan.
Corr, Edwin G.
Coward, John C.
Coy, Craig P.
Crawford, Iain T.R.

#### Volume 8

Crawford, Susan.
Crowe, Adm. William J.
Currier, Kevin W.
DCM, Country 15.
DEA Agent 1.
DEA Agent 2.
DEA Agent 3.
deGraffenreid, Kenneth.
de la Torre, Hugo.
Deputy Chief "DC".

#### Volume 9

Duemling, Robert W.
DIA Major.
Dietel, J. Edwin.
Dowling, Father Thomas.
Dutton, Robert C.
Earl, Robert.

#### Volume 10

Farber, Jacob.
Feldman, Jeffrey.
Fischer, David C.
Floor, Emanuel A.
Former CIA Officer.
Fraser, Donald.
Fraser, Edie.
Fuller, Craig L.

#### Volume 11

Furmark, Roy.
Gadd, Richard.
Gaffney, Henry.
Gaffney, Henry (With Glenn A. Rudd).
Galvin, Gen. John R.
Gantt, Florence.
Garwood, Ellen Clayton.
Gast, Lt. Gen. Philip C.
Gates, Robert M.
Glanz, Anne.

#### Volume 12

George, Clair.
Godard, Ronald D.
Godson, Roy S.
Golden, William.
Gomez, Francis D.
Goodman, Adam.
Gorman, Paul F.
Graham, Daniel O.
Gregg, Donald P.
Gregorie, Richard D.
Guillen, Adriana.

#### Volume 13

Hakim, Albert.

#### Volume 14

Hall, Wilma. Hasenfus, Eugene. Hirtle, Jonathan J. Hooper, Bruce. Hunt, Nelson Bunker. Ikle, Fred C. Jensen, D. Lowell. Juchniewicz, Edward S. Kagan, Robert W. Keel, Alton G. Kellner, Leon B. Kelly, John H. Kiszynski, George.

#### Volume 15

Koch, Noel C. Kuykendall, Dan H. Langton, William G. Lawn, John C. Leachman, Chris J., Jr. Ledeen, Michael A.

#### Volume 16

Leiwant, David O.
Lilac, Robert H.
Lincoln, Col. James B.
Littledale, Krishna S.
McDonald, John William.
McFarlane, Robert C.
McKay, Lt. Col. John C.
McLaughlin, Jane E.

#### Volume 17

McMahon, John N. McMahon, Stephen. McNeil, Frank. Makowka, Bernard. Marostica, Don. Marsh, John. Mason, Robert H.

#### Volume 18

Meese, Edwin III.
Melton, Richard H.
Merchant, Brian T.
Meo, Philip H.
Miller, Arthur J.
Miller, Henry S.
Miller, Johnathan.

#### Volume 19

Miller, Richard R.

### Volume 20

Motley, Langhorne A.
Mulligan, David P.
Nagy, Alex G.
Napier, Shirley A.
Newington, Barbara.
North, Oliver L.
O'Boyle, William B.
Osborne, Duncan.
Owen, Robert W.
Pena, Richard.
Pickering, Thomas.
Poindexter, John M.

#### Volume 21

Posey, Thomas V.
Powell, Gen. Colin L.
Price, Charles H., II.
Proprietary Manager.
Proprietary Pilot.
Radzimski, James R.
Ramsey, John W.
Ransom, David M.

### Volume 22

Raymond, Walter, Jr.
Regan, Donald T.
Reich, Otto J.
Revell, Oliver B.
Reyer, Billy Ray (See John Chapman).
Reynolds, William B.

### Volume 23

Richard, Mark M. Richardson, John, Jr. Robelo, Alfonso. Robinette, Glenn A. Rodriguez, Felix I. Roseman, David. Rosenblatt, William.
Royer, Larry.
Rudd, Glenn A.
Rudd, Glenn A. (See Henry Gaffney).

## Volume 24

Rugg, John J.
Russo, Vincent M.
Sanchez, Nestor.
Scharf, Lawrence.
Schweitzer, Robert L.
Sciaroni, Bretton G.
Secord, Richard V.

#### Volume 25

Shackley, Theodore G. Sigur, Gaston J. Simpson, Major C. Sinclair, Thomas C. Singlaub, John K.

#### Volume 26

Slease, Clyde H., III. Smith, Clifton. Sofaer, Abraham D. Steele, Col. James J. Taft, William H., IV. Tashiro, Jack T. Teicher, Howard. Thompson, Paul. Tillman, Jacqueline.

#### Volume 27

Thurman, Gen. Maxwell.
Trott, Stephen S.
Tull, James L.
Vessey, John.
Walker, William G.
Watson, Samuel J., III.
Weinberger, Caspar.
Weld, William.
Wickham, John.
Zink, Gregory (See Alfred Clark).

# **Preface**

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

### Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: Source Documents, 2 volumes, 1988.

Appendix B: Depositions, 27 volumes, 1988.

Appendix C: Chronology of Events, 1 volume, 1988.

Appendix D: Testimonial Chronology, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.



# Stenographic Transcript of

**HEARINGS** 

Before the

SENATE SELECT COMMITTEE

# TOP SECRET-United States Senate

DEPOSITION OF PHYLLIS M. BYRNE

MAZIONAL SECURITY INFORMATION
Unauthorized Disclosure
Subject to Criminal Sanctions



Boolessified/Released on 28 Cua 97

moder provisions of E.G. 12356
By B. Pezer, National Security County

Washington, D.C.

June 16, 1987





ALDERSON PEPORTING
21 SA (202) 628-9300

# UNCLASSIFIED

DEPOSITION OF PHYLLIS M. BYRNE

Washington, D.C.

Tuesday, June 16, 1987

Deposition of PHYLLIS M. BYRNE, a witness herein, called for examination by counsel for the House and Senate Select Committees on Secret Military Assistance to Iran and the Nicaraguan Resistance, pursuant to notice, the witness being duly sworn by SUSAN A. HARRIS, a Notary Public in and for the District of Columbia, at the offices of the Senate Select Committee, 901 Hart Senate Office Building, Washington, D.C., at 10:00 o'clock a.m., Tuesday, June 16, 1987, and the proceedings being taken down by Stenomask by SUSAN A. HARRIS and transcribed under her direction.

20 F ST., N.W., WASHINGTON, D.C. 2000 (202) 628-9300

# UNULASSIFIED

APPEARANCES:

MARK K. BELNICK, Esq.
VICTORIA NOURSE, Esq.
Senate Select Committee

CLARK B. HALL, Esq.
RICHARD J. LEON, Esq.
House Select Committee

JOHN P. SCHMITZ, Esq.

Deputy Counsel to the Vice President

ALAN CHARLES PAUL, Esq.
Associate Counsel to the President

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

IIMAPYÆFEELD

# UNCLASSIFIED

#### CONTENTS

Deposition of: Examination by Counsel for:

PHYLLIS M. BYRNE Senate House

By Mr. Belnick 4

By Mr. Leon 23

#### EXHIBITS

| Byrne No. | Page |
|-----------|------|
| 1         | 5    |
| , 2       | 17   |
| 3         | 18   |

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

IINON PRETEIL I

# UNCLASSIFIEU

#### PROCEEDINGS

(Witness sworn.)

Whereupon,

PHYLLIS M. BYRNE,

a witness herein, was called for examination by counsel for the Select Committees and, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SENATE

#### COMMITTEE

BY MR. BELNICK:

- Q State your name for the record.
- A. Phyllis Byrne.
- Q Phyllis, you're employed where?
- A. In the office of the Vice President, in the . national security affairs office.
  - Q For whom do you work personally?
  - A Donald Gregg.
- Q And he's the Vice President's national security advisor?
- A. His title is assistant to the Vice President for national security affairs.
  - Q And how long have you worked for Mr. Gregg?
  - A. I joined him in March 1983.
- Q And you have worked for him continuously since then?
  - A. Yes.

ALDERSON-TERESTING COMPANY, INC.

2D F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-93

IMPLARSIFIED

2

6 7 8

5

9

11

13

15 16

17

18

19

21

23

25

# UNCLASSIFIED

5

Q I'm going to show you a document which has been marked by the reporter as Byrne Exhibit 1. It is headed "Office of the Vice President, Washington, April 16, 1986," and then it reads "Schedule proposal."

(The document referred to was marked Byrne Exhibit No. 1 for identification.)

- Q I take it you have seen this document before, Phyllis?
  - A. Yes, I have.
- Q Can you describe to me what type of a document this is? What is a schedule proposal?
- A. This is really a form, and it is a form that asks us to provide certain information for meetings for the Vice President.
- Q Is it a form used when a meeting is proposed for the Vice President?
  - A. Yes, it is.
- Q Some member of his staff requests that he attend a meeting?
  - A That's correct.
- How are these schedule proposals typically
  filled out in your office?
- A. Well, they're usually filled out by me, and they are filled out with information that has been provided to

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

MPI SECRETTEN

3 4 5

1

2

7

9 10

11

13

15

17

18

20

22

23

24

# UNCYASSIFIED

me by staff members, usually with a request from the State Department or people from the outside. And with that information, Don examines it and decides whether or not a meeting should be requested.

If he decides that it is, I complete the proposal.

- And where does it go after you complete it?
- It goes to the scheduling office.
- Is it reviewed by Mr. Gregg? Is the schedule proposal that you complete reviewed by Mr. Gregg before it goes to the scheduling office?
  - It usually is. This particular one was not.
- We'll get to this one. I want to talk about the usual practice. Usually Mr. Gregg reviews the schedule proposal, correct?
  - A. Yes.

2

3

4

5

6

7

8

10

11

12

13

14

15

16

18

19 20

21

22

23

24

- And if he approves it, he puts his initials next to his name on it?
  - Yes.
  - Then it goes to the scheduling office?

  - Who's in charge of the scheduling office?
  - Hector Irastorza.
- Again talking about the general practice with schedule proposals, as I understand from your testimony, the information that you put in a schedule proposal always comes

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

# UNCLASSIFIED

7

to you from either a member of the staff or the State Department?

- In most cases.
- What about the other cases?
- Well, it would come from a telephone call.
- But my point is the information never originates It comes to you from somebody else? with you.
  - A. Correct.
  - And that's always the case?
  - Yes.

1 2

3

4

5 6

7

8 9

10

11 12

13 14

15 16

17

18

19 20

21

22

23

24

25

- You fill out what you're told?
- Yes.
- And then typically, after you have completed it, it goes to Mr. Gregg for review, he initials it, and then on to the scheduling office for the Vice President, correct?

  - Craig Who is Gree Fuller?
  - The chief of staff to the Vice President.
  - And who is Sam Watson?
  - Deputy to Don Gregg.
- And are they members of the staff who from time to time will give you information for a schedule proposal?
  - Rarely with Greg. Sam, frequently.
- Frequently Sam Watson. Who else frequently gives you information for schedule proposals? Mr. Gregg himself?

ALDERSON REPORTING COMPANY, INC.

accorrected by

deponent

# UNCLASSIFIED

3

| ١ | Ž |  |  |
|---|---|--|--|
|   |   |  |  |
|   |   |  |  |
|   |   |  |  |
|   | 1 |  |  |

A. Mr. Grega himself.

Sam Watson you say frequently? Sam Watson. The State Department.

5

Is that frequent? Q.

6 7 Very frequent.

8

Who at the State Department?

9

It would depend on what the visit is, the person, what desk at the State Department is concerned with the

10

visit. Well, let's say it was a visit relating to

11

Central America: What desk or desks will you typically

12

hear from? Well, it would depend. There again, it would be

13 14

from that desk and the country.

15

So if it was from El Salvador, it would be from

16

That's correct.

the Salvador desk?

17

If it were something to do with the contras, it would be from where in the State Department if it came from the State Department?

18 19

Oh, probably Nicaragua.

20 21

> Anyone else, aside from Greg Watson and State Department, who frequently give you information for schedule

22 23

> purposes? A.

No.

24 25

ALDERSON REPORTING COMPANY, INC.

2

3

4

5

7

8

9

10

12

13

14

15

16

17

18 19

20

21

22

23

24

25

# There would be no formula for that. the schedule proposals? Yes. As far as --And you do it day after day? Yes. All the time? Yes. Debbie Hutton? She at the time was head of the scheduling office. President's scheduling office? been about four or five months ago.

UNCLASSIFIED

How many schedule proposals do you complete on the average during an average week?

That would fluctuate, depending on foreign visitors who are coming. It would be difficult to quiss.

Is it a regular part of your task to fill out

- It's a very mechanical exercise with me.
- Let's then look at Byrne Exhibit 1 specifically And this was addressed to Debbie Hutton.
- When did she cease to be in charge of the Vice
- I'm not sure of the exact time, but I think it's
- Then going back to this Exhibit 1, which again is dated April 16, 1986, it says it's from Don Gregg and

ALDERSON REPORTING COMPANY, INC.

1

2

3

4

5

6

7

8

10

11

12

13 14

15

16

17

16

20 21

22

23

24

25

IINCI ASSIFIED

#### there are initials "DG." Did Mr. Gregg put those initials there? No. that is my writing. Why did you initial this document as opposed to Mr. Gregg? Because he wasn't in the office at the time that I had completed it. He knew that I was preparing it. expedite it, I put his initials on the document and moved it forward. Did Mr. Gregg see this document before it went out? No. Did you read him the contents of the document before it went out? A. No. Had you ever before sent schedule proposals on to the head of the Vice President's scheduling office without Mr. Gregg even hearing what it contained? Is that something you do regularly? A. Yes. How do you know whether it's authorized or not? Because I usually have discussions with Mr. Gregg prior to my preparing it.

ALDERSON REPORTING COMPANY, INC.

20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

Did you discuss Byrne Exhibit 1 with Mr. Gregg

## ONCEASSIFIED

11

prior to preparing it?

A. Yes

2

3

5

7

9

10

12

13

15

16 17

19

20

22

23

24

- Q Did you tell him what it contained?
- A. Well, at the we were talking about it I had not prepared the schedule proposal, so I didn't really know the exact language that would appear in it, that I would put in it, at the time I told him about it.
- Q I know it's hard to remember a specific day, but in reference to the date on this, when would you have discussed this with Mr. Gregg?
  - A. That same day.
  - Q April 16?
  - A. Yes.
- Q Where did you get the information that appears in this schedule proposal?
- A. Well, the information that I got came in several ways. It came in a telephone call from Felix Rodriguez from El Salvador.
  - Q You say in several ways. How else?
- A. Well, he told me when he was coming and that he would like to see the Vice President for a short time. Those are his exact words. I checked my notes.
  - You have notes of that conversation?
  - A I have shorthand notes of that conversation.
  - Q Do you have them with you?

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

HMPISECRAFIED

#### WCLASSIFIED

12

2

3

5

7 8 9

11

13

tO

14

16 17 18

19 20 21

22

24

MR. BELNICK: I'd like to make a request that we receive a copy of those notes.

MR. RAUL: We will provide those.

MR. BELNICK: Thank you.

BY MR. BELNICK: (Resuming)

- Q All right. Mr. Rodriguez told you when he was coming in and said he would like a short meeting with the Vice President, right?
  - A. Yes.

I don't.

- Q What else did he tell you?
- A. He didn't tell me anything else except that he left phone numbers where he could be reached at different times in El Salvador.
- Q Did he tell you what he wanted to speak to the Vice President about?
  - A. No.
  - Q What did you do after Mr. Rodriguez called?
- A I told Mr. Gregg that he was coming in, and he said go ahead and put in a schedule proposal to effect scheduling of the meeting, and this is the result of that.
- Q Did Mr. Gregg tell you what to put in on that part of the form that describes the purpose of the meeting?
  - A. No, he did not.

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

IMBI ACCIFIER

13

- Q Did he tell you anything about the background that ought to be put into this schedule proposal?
  - A. No, he did not.
- Q Where did you get the other information from that appears on Byrne Exhibit 1?
- A The purpose of the meeting was given to me by Colonel Watson.
- Q And how did Colonel Watson become involved in this schedule proposal?
- A. My desk is located right outside of Colonel Watson's door and my word processor is there, too. I turned to him when I was preparing this and asked him to give me a phrase.
- Q And he gave you the following phrase: "To brief the Vice President on the status of the war in El Salvador and resupply of the contras"?
- A. I don't believe that he gave me those precise words, but he did tell me—the resupply of the contras was the phrase that he provided to me.
- Q He did tell you that. When you say he didn't give you those precise words?
- A. Well, he didn't give me the complete sentence as it appears here.
  - Q But he gave you the substance?
  - A That's right, and I just structured what he

ALDERSON REPORTING COMPANY, INC.
20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300



2 3 4

6

9

10 11

12

14

16

17

19

20

22

14

gave me into a sentence.

Q So he told you in essence that the purpose of the meeting would be to brief the Vice President both on the war in El Salvador and resupply of the contras, correct?

- A. Yes.
- Q And that's what you typed on the schedule?
- A. That's my recollection of what he told me.
- Q. You don't recall getting the purpose from anyone else, right?
  - A. No.
  - And you didn't make it up yourself, correct?
  - A No.
- Q. Then the information that appears next to .
  "background," from where did you get that or from whom?
  - A I wrote that myself.
- $\ensuremath{\mathfrak{Q}}$  . You knew that the Vice President had previously met with Mr. Rodriquez?
  - A. Yes.
  - Q The date, that came from Mr. Rodriquez?
- A. Yes, it did. The date came from Mr. Rodriguez, and in a second telephone call he told me that he would not be coming on the 22nd or the 23rd because he was waiting for a plane to bring him to Miami.
  - Q So he told you April 28, between April 28 --

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

HYWETECIEIEU

1 2 3

4

7

9

10 11

12

13

15

17

19

20 21

22

23 24

# A. Approximately during that time, yes. Q. Is it your handwriting, "28-May 2"? A. It is. Q. And you put that on there after you typed the

- A. Well, I knew of the change in dates.
- Q Before it was sent?
- A. No, I think afterward.
- Q. And then you conveyed the information to Debbie Hutton how? Submitted it again?
- A No. I think it was by either a personal visit to our office or else by phone.
  - Q So you were making the change on your office copy?
  - A. Yes.

schedule proposal?

2

3

4

5

6

7

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- Q The duration, 15 minutes, that's because Felix told you he wanted a short meeting?
  - A Correct.
- ${\mathfrak Q}$  Location, OEOB. How about the participants? How did you know who would participate in the meeting aside from the Vice President and Felix?
- A. Well, Craig Fuller routinely joins the Vice

  President in most of his meetings and I automatically

  included his name. And of course I put Don's name there

  because he was concerned with the meeting from our office.
  - And then we have what seems to be some, what I would

ALDERSON REPORTING COMPANY, INC.

20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

INPLACEMENT

#### UNCLASSIFIED quess, boilerplate for something like this, no remarks 1 required, staff photographer to be present. 2 It's just a filling in the blanks. 3 And Don Gregg would be the contact. He's the one 4 who recommends the visit. There is some handwriting at the bottom of the page, "5/1 or 5/2 per Justine." Is that your 6 handwriting? 7 Yes, it is. 8 And who is Justine? q She was the deputy to Debbie Hutton. 10 And was she telling you that the meeting would be 11 held 5/1 or 5/2? 12 Yes. 13 And then was it subssequently scheduled for 5/1 14 at 11:30 in the West Wing? 15 Yes. 16 Where in the West Wing would such a meeting be 17 held? 18 The Vice President's office. 19 And all that handwriting is yours? Q.

20

21

22

23

24

25

that --

Yes.

16

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

I don't know what that is.

An "M" that went crazy?

There seems to be a squiggle at the bottom.

It isn't anything in my writing.

17

I don't know what

| 2 | chac is.   |
|---|--|
| 3 | Q Did you discuss with Mr. Gregg before this went          |
| 4 | out the purpose of the meeting as you had been given it by |
| 5 | Colonel Watson?  |
| 6 | A. No.   |
| , | Q. Did you discuss that with anybody before this.          |
| 8 | went out?  |
| 9 | A. No.   |
| 0 | Q Did you show it to Colonel Watson?                       |
| 1 | A. No.   |
| 2 | Q You got the information from him, typed it up,           |
| 3 | and because Mr. Gregg was not there you initialed Mr. Greg |
| 4 | initials and sent this out to Debbie Hutton?               |
| 5 | A. That's correct.   |
| 6 | Q Let's look at the next page, which has been              |
| , | marked Byrne Exhibit 2.                                    |
| в | (The document referred to was                              |
| 9 | marked Byrne Exhibit No. 2                                 |
| 0 | for identification.)                                       |
| , | Q. Now, I take it that this is the memo back from          |
| 2 | Debbie Hutton approving the meeting that Byrne Exhibit 1   |
| 3 | requested, correct?  |
| 4 | A. Correct.  |
| 5 | Q Scheduling it for May 1, putting the time and            |
|   |  |

ALDERSON REPORTING COMPANY, INC. -20 F ST., H.W., WASHINGTON, D.C. 20001 (202) 628-9300

TOP SECRETION

18

place in, correct?

A. Correct.

Q. Now, would you turn to the next page of the exhibit, which has been marked Byrne Exhibit 3. It is a one page document, office of the Vice President, Washington, dated April 30, 1986, entitled "Briefing memorandum for the Vice President."

(The document referred to was marked Byrne Exhibit No. 3 for identification.)

- Q You have seen this document before?
- A. Yes.
- Q Did you prepare this document?
- A. I did.
- Q. And from where did you get the information that appears on this document?
- A. Well, I repeated the language that I had included in the schedule proposal.
- Q. Is that the way you typically do it, with a meeting briefing memo for the Vice President?
- A. Well, when it's something of this nature, something as simple as this.
- Q. These briefing memorandums are usually prepared a day or so before a scheduled meeting with the Vice President?

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

HWO! 4881 EIEU

3

1

6

9

11

13

14

16

17

19

20

21

22

23

. 3

A. Yes

Q They follow a fairly standard form?

A. Yes.

Q. The same as the form we see on Byrne Exhibit 3?

A. That's right.

Q. Now, this memo is listed as being from Don Gregg and it goes directly to the Vice President?

A. It goes to Tom Collamore, who is the staff secretary.

Q And he was then the staff secretary?

A. Yes.

Q Do you know whether it's Mr. Collamore's practice to give these memoes then to the Vice President?

A. Yes. He prepares a book at the end of every day and includes background material for meetings that will follow the next day.

Q So basically, it would have been given to the Vice President to read?

A. Yes, it would have.

Q And it was from Don Gregg, correct?

A. Correct.

Q Did Mr. Gregg put his initials on Byrne Exhibit 3?

A. No, he did not.

0 Who out his initials there?

A. That is my writing.

ALDERSON REPORTING COMPANY, INC. 20 F St., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

TAPOSTORE LIED

5

3

8

7

10

12 13 14

15 16

17

19 20

21 22

23

Did you show this briefing memo to Mr. Gregg

20

before you put his initials there? No, I did not. Why didn't you? He wasn't there. Had you previously signed off on briefing memoes for the Vice President without Mr. Gregg seeing them? Yes. In which cases did you feel you had the authority to do that? Well, in cases where it was a matter of fact

situation, where I knew that it was a meeting that I had enough information to provide a memorandum that would meet the requirements for the next day.

- And the information that appears on Byrne Exhibit 3 you took directly from Eyrne Exhibit 1?
  - Δ Yes.

1

2

3 4

5 6

7

8

9

10

11

12

13

15

16

17

18

19 20

21

22

23 24

25

- Did you show this briefing memorandum to anybody before you sent it to the Vice President?
  - No.
- Now, Phyllis, do you recall whether the Vice President's office responded in any way to this briefing memorandum?
  - I don't understand your question. `
  - Did you get a call or did Mr. Gregg get a call

ALDERSON REPORTING COMPANY INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

INOPI SECRICIEN

21

asking about the purpose of the meeting after this memorandum was sent to the Vice President?

- A. I don't believe so.
- Q. Not to your knowledge?
- A. Not to my knowledge.
- Q. When was the last time you discussed either this briefing memorandum or Byrne Exhibit 1, the schedule proposal, with anyone in the Vice President's office?
- A. Well, I guess I looked at it yesterday and 
  \* Boyden Gray 
  talked to John Schmitz about it and Boyd and Gregg.
- $\mathfrak Q$  . Have you spoken to Mr. Gregg about this document in the past?
- A. Yes, we have. We've examined it. It was discovered by Mr. Gregg when we were examining our files.
- Q Did he ask you at that time about -- what did he ask you at that time about either the briefing memorandum or the schedule proposal?
  - A. I don't believe he asked me anything.
- Q Well, what did you talk about when you found the documents?
- A. Well, we were selecting documents that applied to the document request and this was one of them. And it was brought to his attention at that time.
- Q Did he say anything when he saw the document, either the briefing memo, Byrne Exhibit 3, or the schedule

ALDERSON REPORTING COMPANY, INC. 20 F St., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

INPOSE CACICO

x corrected by deponent

13

1

2

3

4

5

6

7

8

10

11

12

15 16 17

18

20

21

23

22

3

5 6 7

9

13

11

15 16

18 19 20

22

21

24 25

|      | , A.    | Well,   | we   | knew  | tha  | at : | it  | conta | ir | ed  | lan | quaqe | th  | at |
|------|---------|---------|------|-------|------|------|-----|-------|----|-----|-----|-------|-----|----|
| was  | being   | questi  | one  | l at  | the  | tir  | me, | but   | I  | dor | ı't | recal | . a | ny |
| spec | cific o | questio | ns ( | of Mr | . Gı | reg  | g.  |       |    |     |     |       |     |    |

- Q What language did it contain that was being questioned?
  - A. The resupply of the contras.
  - By whom was that language being questioned?
- A. By counsel who had asked us to provide the documents to them.
  - Q By the Vice President's counsel?
  - A. Yes.

proposal, Byrne Exhibit 1?

- $\ensuremath{\mathtt{Q}}$  Did Mr. Gregg say anything about that language to vou?
  - A. No, he did not.
- Q. Either when you found the documents or at any time after that?
  - A. No, he did not.
  - Q Did he ask you where you got that language from?
  - A We have talked about that.
  - Q And what did you tell him?
  - A. That it was provided to me by Colonel Watson.
  - Q Did Mr. Gregg say anything else about that

#### language?

A. No.

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

#### HATOP ASSERBE N

#### ING ASSIFI Did he say to you that's incorrect? Q. No. 2 Did he register shock or surprise that it was 3 4 there? I don't think so. I don't recall. 5 Did he register disapproval of your having sent 6 7 either the briefing memo or the schedule proposal? No. 8 9 MR. BELNICK: I have nothing further. 10 MR. LEON: Let me just ask a few questions. EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE 12 BY MR. LEON: 13 If I have understood your testimony right, this is 14 a form that you fill out weekly, a number of them weekly, 15 16 right? Yes. 17 18 In fact, you probably fill some out daily? 19 And as I recall the chronology from the Vice 20 President's office, I believe Mr. Rodriguez only visited three 21 times with the Vice President? 22 Yes. 23 And he might have visited on a couple of other

11

24

25

23

ALDERSON REPORTING COMPANY, INC. 20 F ST. N.W., WASHINGTON, D.C. 20001 (202) 628-9300

occasions with Mr. Gregg. I can't remember the exact number,



24

but it was a small number of times, is that right as far as you know?

- A. As far as I know.
- Q So he wasn't exactly a regular visitor to the Vice President's office or to Mr. Gregg's office?
  - A. No.
- Q. That's for sure. And you are filling out numbers of these weekly, as you have testified. I guess what I'm having trouble understanding is how it is you can remember today the circumstances surrounding filling out that form that far ago, that long ago, with so many other forms between now and then that you have filled out.

Why is it that you can remember the circumstances surrounding how you got the purpose?

- A. Because I went back to my notes of that day. I use a notebook that is dated every day.
  - Q. Stenographic?
- A. Yes. And when I went back to my notes, I found this, notes of my conversation.
  - Q With Colonel Watson?
  - A. No, with Felix Rodriguez.
- Q. And did that help you remember the events of that day?
  - A. Yes, it did.
  - Now, did your notes contain any passage relating

ALDERSON REPORTING COMPANY, INC. 20 F St., N.W., WASHINGTON, D.C. 20001 (202) 628-9300

UNCLARRIFIFD

5 6 7

2

3

9 10 11

8

13 14

12

15 16 17

18 19

> 20 21

> 22 23

25

to your conversation with Mr. Watson that day?

A. No, no. I was typing at that time. I was just putting together the language.

- Q So I quess what I'm trying to figure out is, as busy as you are and all the things you are doing, how it is you can recall that it was Watson that gave you the passage?
- A. He was the only person there. He was the only person in the office who would have been able to provide it, and it was a word that I didn't even know. It was language that I would not have known.
- Q But I just want to be sure of one thing. Is it that you remember him saying it to you or is it that there was no one else who could have said it to you?
- A. I recall his telling me. It's my m collection that he told me.
- Q. I just wanted to be sure about that, because it's been so long and I know you are doing these things all the time. I know I fill out standard forms all the time and I'll be darned if I can remember.

There wasn't something specific about the conversation, was there, that makes it stand out in your mind?

- A. About what conversation?
- The one with Watson.
- A. No.

ALDERSON REPORTING COMPANY, INC. 20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9303

JUNY ASSIFIED

3

5

6 7

9

8

11

13 14

15

17 18

19

20 21

22

23

 Q But you do recall it.

A. Yes, I think I do.

MR. LEON: Thank you, ma'am.

(Whereupon, at 10:22 a.m., the taking of the

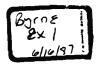
instant deposition ceased.)

Signature of the witness
SIGNED AND SWORN TO before me this \_\_\_\_\_\_\_, 198 \_\_\_\_\_.

Notary Public

My Commission expires:

ALDERSON REPORTING COMPANY, INC.
20 F ST., N.W., WASHINGTON, D.C. 20001 (202) 628-9300



April 16, 1986

SCHEDULE PROPOSAL

10:

DEBBIE HUTTON

FROM:

DON GREGG

REQUEST:

VP Meeting with Felix Rodriguez, a counterinsurgency expert visiting

from El Salvador.

**PURPOSE:** 

To brief the Vice President on the status of the war in El Salgvador and resupply

of the Contras.

BACKGROUND:

The Vice President has met previously with Mr. Rodriguez during his visits to Washington and will be interested in the current information he will be able

to provide.

DATE:

Anytime on April 33 or 13.

15 minutes

DURATION: LOCATION:

OEOB

**PARTICIPANTS:** 

The Vice President Craig Fuller Don Gregg

Felix Rodriguez

REMARKS REQUIRED:

None required.

MEDIA COVERAGE:

Staff photographer

CONTACT:

Don Gregg, 4213

RECOMMENDED BY:

Don Gregg

CLASSIFIED

#### WASHINGTON, D.C.

| 4/28/86       |   |
|---------------|---|
| Byrne<br>ex 2 | I |

|                          |                 |                    | Cont. Law                                 |
|--------------------------|-----------------|--------------------|---|
| <u>MEMORANDUM</u>        | Don Gregg       |                    | 21,000                                    |
| TO                       |                 | · · · / ·          |   |
| FROM                     | DEBBIE HUTTON   | age .              |   |
| SUBJECT                  | APPROVED VICE   | PRESIDENTIAL ACTIV | ITX                                       |
| EVENT                    | Meeting with Fe | lix Rodrigues      |   |
| DATE                     | Thursday, May 1 | , 1986             | CD 18 18 18 18 18 18 18 18 18 18 18 18 18 |
| TIME                     | 11:30 a.m11:4   | 5 a.m.             | 3 2 2                                     |
| LOCATION:                | ww              |                    | is of Ex                                  |
| ATTENDANCE:              | 3               |                    | cuassilied/Released<br>under provisio     |
| remarks required         | None required   |                    | ied/Relea<br>under pro<br>V. Reger        |
| PRESS COVERAGE           | Staff Photograp | her only           | Peciasul Pr                               |
| MRS. BUSH PARTICIATION:  | Но              |                    | r -                                       |
| DRESS: GENTLEMEN         | Business Suit   | LADIES             |   |
| COMMENTS:                |                 |                    |   |
|                          |                 |                    | (3813                                     |
| CONTACT(s): (1) Don Gree | 19              |                    | 13  |
|                          | Nome            | Area Code          | Number                                    |
| a)                       | Name            | Area Code          | Mumber                                    |

B.GRAT J. McENTES J. FITTGERALD

D. RYDER C. JUDGE D. YALDEZ

IINCI ASSIFIFD

t, mebride e barnett m. Levis e. Conaway p. Brady d. Quicho

OFFICE OF THE VICE PRESIDENT

#### UNCLASSIFIED

April 30, 1986



BRIEFING MEMORANDUM FOR THE VICE PRESIDENT

Event:

Date: Time:

Meeting with Felix Rodriguez Thursday, May 1, 1986 11:30-11:45 a.m. - West Wing

From:

Don Greggy

I. PURPOSE

IV.

Feliæ Rodriguez, a counterinsurgency expert who is visiting from El Salvador, will provide a briefing on the status of the war in El Salvador and resupply of the Contras.

III. PARTICIPANTS

The Vice President Craig Fuller Don Gregg Sam Watson

Felix Rodriguez

MEDIA COVERAGE

Staff photographer

UNCLASSIFIED

| i, Susan A. Harris , the officer                                     |
|--|
| before whom the foregoing deposition was taken, do hereby certify    |
| that the witness whose testimony appears in the foregoing deposition |
| was duly sworn by me ; that the testimony of                         |
| said witness was taken by me to the best of my ability and thereafte |
| reduced to typewriting under my direction; that said deposition is a |
| true record of the testimony given by said witness; that I am neithe |
| counsel for, related to, nor employed by any of the parties to the   |
| action in which this deposition was taken, and further that I am not |
| a relative or employee of any attorney or counsel employed by the    |
| parties thereto, nor financially or otherwise interested in the      |
| outcome of the action.   |
|  |
| . /  |
| NOTARY PUBLIC  |
| 1 1 1460   |

UNCLASSIFIED

HOAS DID 187

# TOPPSSEERET

#### THIS IS A COVER SHEET

#### **FOR**

#### INFORMATION SUBJECT TO

Basic security requirements contained in Department of Justice Regulations (28 CFR Part 17).

The unauthorized disclosure of the information contained in the attached document(s) could reasonably be expected to cause exceptionally grave damage to the national security.

Handling, storage, reproduction and disposition of the attached document(s) will be in accordance with policies and procedures set forth in equiations cited above.



Partially Declaration / Released on 14-75 under provisions of E.O. 12356 by N. Menan, National Security Council



(This cover sheet is unclassified when separated from classified documents)

TIMERSSTEECRET

FORM DOJ-385 OCT 83

DEPOSITION OF ADOLFO CALERO

Thursday, April 9, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan
Opposition

Washington, D. C.

Deposition of ADOLFO CALERO, called as a witness by counsel for the Select Committee, the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, at 10:00 a.m., at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D.C., and the proceedings taken down by Stenomask by MICHAL ANN SCHAFER, and transcribed under her direction.



UNCLASSIFIED

HSITS 010

₹**8** 

## THELASSHIED

APPEARANCES:

On behalf of the Select Committee:

THE HONORABLE HOWELL HEFLIN

ARTHUR L.LIMAN, ESQ., Chief Counsel

PAUL BARBADORO, ESQ., Deputy Chief Counsel

RICHARD PARRY, ESQ., Associate Counsel

LOUIS ZANARDI, Investigator

PHIL BOBBITT

DEE BENSON

On behalf of the House Select Committee to Investigate

Covert Arms Transactions with Iran:

RICHARD J. LEON, ESQ., Deputy Chief Minority .

Counsel

KEN BALLEN, ESQ., Counsel

On behalf of the witness:

JOSEPH J. PORTUONDO, ESQ.

Wood, Lucksinger & Epstein

Southeast Financial Center, Suite 3700

Miami, Florida 33131-2369



CONTENTS

i

|                        | EXAMINATION      | ON BEHALF OF     |
|------------------------|------------------|------------------|
| WITNESS                | SENATE COMMITTED | HOUSE COMMITTEE  |
| Adolfo Calero          |                  |                  |
| By Mr. Liman:          | 3                |                  |
| By Mr. Ballen:         |                  | 148              |
| By Mr. Liman:          | 169              | •                |
| By Mr. Ballen:         |                  | 172              |
| By Mr. Liman           | 173              |                  |
| By Mr. Ballen          |                  | 173              |
| By Mr. Liman           | 175              |                  |
| By Mr. Parry           | 175              | ×, *             |
| By Mr. Liman           | 177              |                  |
| By Mr. Ballen          |                  | 180              |
| By Mr. Liman           | 180              |                  |
| AFTERNOON SESSION: Pag | ge 77            |                  |
|                        | EXHIBITS         |                  |
| CALERO EXHIBIT         | FC               | R IDENTIFICATION |
| No. 1                  |                  | 14               |
| No. 2                  |                  | 14               |
| No. 3                  |                  | 35               |
| No. 4                  |                  | 66               |
| No. 5                  |                  | 77               |
| No. 6                  |                  | 116              |
| No. 7                  | ASSIFIED         | 172              |
| INCI                   | #29ILIFD         |                  |
| UINU                   | MI. 10           |                  |



PROCEEDINGS

Whereupon,

#### ADOLFO CALERO

was called as a witness and, having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. LIMAN:

Q Mr. Calero, could you give us a very, very brief description of your educational background?

A Yes. I went to grammar school back home in Nicaragua with the Christian Brothers, to high school in New Orleans, Holy Cross Brothers, to college at Notre Dame, South Bend, Indiana, and then back in Nicaragua I got a law degree at the Jesuit University, but I haven't practiced.

I did some post-graduate -- two post-graduate courses here and attended seminars and other things.

- Q And your age is?
- A Fifty-five in December.
- Q And are you a citizen of Nicaragua?
- A I'm a citizen of Nicaragua, yes.
- Q And you are a resident of the United States?
- A No, I'm not a resident of the United States.
- Q You're a non-resident?
- A I'm a non-resident, yes. I have refugee status since 1985, I think.



WIRP/SECTION

Q Now prior to the time that the Sandinistas took over in Nicaragua were you a businessman in Nicaragua?

A Yes. I was general manager of the Coca-Cola
Bottling Company in Nicaragua, a franchise. The Nicaraguan
company, we had a franchise for Coca-Cola for 25 years and I
was director of various business enterprises that grew out
of the Coca-Cola area, like automobile distributorship,
hotel, a ceramics plant, and a refrigerator plant and
various other things.

And had you been a critic of the Somoza regime?

A Yes, I was a critic, strong critic of the Somoza regime. When I left Nicaragua in 1982, in December 1982, I had been for the last three years the spokesman for the Conservative Party I was jailed by Somoza in 1978 for about a month and on a few other occasions, too.

- Q And when did you leave Nicaragua?
- A I left Nicaragua on Christmas vacation in December 1982 and I could not come back because there were rumors that they were after me. Apparently my name had been leaked as belonging to various organizations, especially the FDN, and my home was looted by national security forces towards the end of January 1983.

So I decided to stay out and join the FDN, official category as a director.

Q And when did you join the FDN?



INCEASSIFIED

9

- A director I made an announcement here in Washington in February.
  - Q In February of 1983?
- A '83, yes. But I had had relations for quite some time, as I had with other exile groups, too.
- Q That's Mr. Bobbitt of our staff who just entered.

  Could you give us just for the record some

  description of what the FDN was and how it was founded?

A The FDN came about through a fusion of various groups of Nicaraguans. Some of them, like Berdo Joaquim Gonzalez, who had belonged to the Sandinista military, and other Sandinista guerrillas, national guardsmen who were also gathering to counter the Sandinistas, and people, others like me, who had never had anything to do with neither the Sandinistas nor the Somoza regime.

That was back in 1981. It acquired its name, I believe, towards the end or the beginning. I'm not sure -- the end of 1981, beginning of 1982. It began to be known as the FDN, Nicaraguan Democratic Force. It had a civilian directorate and a military directorate at the time.

I was invited a number of times to participate, but I was still in Nicaragua and I didn't want to come out. I wanted to stay and fight inside. But by the end of 1983, December of 1983 --

Q December of '82 or '83?



6

A '82, extrase me, and a slot was left in it for me for when I came out. And it was supposed to be in pectore.

- Q What is that?
- A In pectore is in the chest.
- Q In the heart?
- A The group decides, but it doesn't come out. And well, of course, that leaked.
  - Q And that's when you left Nicaragua?
  - A No, no, because I found out about it in Nicaragua.

I was still in Nicaragua and I had been without a passport for about two months, and finally one of the members of the junta got me a visa to go out for a vacation, and I had all the intention to go back.

- Q Now, when you decided to not return and to officially join the FDN, you mentioned that you became a director of the FDN.
  - A Yes.
- Q At that point, which would be the beginning of 1983, did the FDN still have both a military directorate and a political-civilian directorate?
- A Well, it was supposed to have only one directorate, which was the civilian directorate, with one military member, six civilians and one military. However, in practice it actually had two directorates.

#### UNCLASSIFIED

## UNTRASSAMENT

- Q And you joined the civilian directorate?
- A I joined the civilian directorate, yes.
- Q And was there a leader of the FDN at that point?
- A No.
- Q Who was in charge of the military side of the FDN when you joined?
  - A Well I would say there was a chief of staff.
  - Q And who was that?
- A That was Emilio Echaverri, and also as a member of the civilian directorate was a man with military background, which was Bermudez, Enrique Bermudez. Militarily Echaverri was at the head, was the chief of staff, but I would say that Bermudez was, say, more respected or more --
  - Q He was better known?
  - A Yes, better known and more respected.
  - Q Now the directorate functioned as a committee?
- A The directorate functioned -- I don't know what you mean a committee.
  - Q Was there a chairman of the FDN at that point?
- A No, there was no chairman\_of the DN at that point.
  - Q Was there a person who was first among equals?
- A Well, no, there wasn't at that point. We all had different areas of concentration.
  - Q And what was your area of concentration?

#### UNCLASSIFIED

# IRCLASS##ED

A My area of concentration was the political aspects, international political aspects. I was doing more writing than anything else. There were others in charge of the -- I think Bermudez and another fellow, Rodriguez, were more, had more to do with the military. Then Edgar Chamorro, who seems to have become famous for denouncing us, he was in charge of publications.

- Q Now was the FDN founded in around 1981?
- A I believe so, yes.
- Q And by the time that you became a member of this directorate in the beginning of 1983, was it engaged in military or paramilitary operations?
- A They had already -- the kickoff, let's say, point of the organized Nicaraguan resistance is March 22, I believe, of 1982.
  - Q And what marked that kickoff?
- A The blowup of bridges in the northern part of Nicaragua. One big bridge was blown up. Another was seriously damaged. And the Sandinistas clamped down on the civilian rights in Nicaragua. So that was the kickoff, I would say.
- Q Now did you have some information about what the size of the FDN force was when you joined it in the beginning of
  - A We did not have much information.

## UNCLASSIFIED

TONGERSSIVED

A rough figure -- 5,000?

. P 🕶

A Two thousand, maybe -- 2,500, 3,000.

Q Now, at that point how was the military operation of the FDN being funded?

A I remember when I came
in. There will who were doing part
of the training and movere also -- I understood by stories
that I was told that there was no direct involvement between
Americans and Nicaraguans. All was done through

Americans and with just talking reference.

but I'm just talking reference.

Did you come to understand at some point that the CIA was funding the FDN?

"" impression, but it was being done

A That was my impression, but it was being done at one point, and I don't remember how long after we were there. Then there was a direct connection. Direct connection was established with --

- O The CIA?
- A Well, I never saw -- they never showed me the card.
  - Q But with the United States?
- A With people working for the United States
  Government, yes, whom I gather were CIA.
- Q And during this period when the United States was directly involved who handled the procurement of supplies, military supplies?



# TRELASSIFIED

10

A I don't know who did, but all I can tell you is that we were handed over whatever our needs were, and there was a ceiling. I remember talk about a ceiling which was at different levels at different times, and I wouldn't remember.

- Q Is it fair to say that the weapons and military supplies were given to the FDN?
  - A Yes.
  - Q And that the FDN was not involved in purchasing?
  - A In procurement, definitely not.

MR. PORTUONDO: Excuse me a second. Adolfo, you have never given a deposition before, but it's difficult for her to write down or copy when both people are speaking. Why don't you wait until he finishes his question; otherwise, she is going to have a very difficult time.

THE WITNESS: Fine.

BY MR. LIMAN: (Resuming)

- Q How did the FDN receive the funds to pay its troops?
- A Troops were not paid as such. Some of the officers and some of the people in different jobs who had families to support were given what was called family support.
  - Q And where did that money come from?
  - A My understanding is that it came from the United



## UNTERSTREB

11

#### States Government.

- Q And do you know how that money was transferred?
- A No.
- Q In 1983 was there a budget that the FDN had for paying its people?
- A Well, I don't remember a budget as such. I mean, I was not connected with that aspect of the operation.
- Q Who handled that aspect of arranging for the payments?

MR. PORTUONDO: For family support?

BY MR. LIMAN: (Resuming)

Q For family support.

A To tell you the truth, I don't remember. I know Echaverri would get a certain amount of money and he would in turn distribute it to different people. That was for the military.

- Q Do you know where he got that money from? That's from the United States?
  - A From the United States.
- Q Do you know who actually handled the transfer of the money?
  - A No, sir. It would be impossible. I can tell you --

MR. PORTUONDO: Your answer was no.

BY MR. LIMAN: (Resuming)



UTCPASSIFIED

12

Q With whom did you deal as representatives of the United States Government in 1983 in connection with funding of the organization?

MR. PORTUONDO: It assumes you dealt with someone.

BY MR. LIMAN: (Resuming)

- Q He indicated he had earlier.
- him as but then everybody began to talk about -
  I'll remember the name later on.
  - Q And what did he do? What was his role?
- A He was in charge of Central America or he was maybe project director or whatever. And then there was another, also that we dealt with.
- Q Did you deal with Colonel Steele? Did you deal with him at all at that point?
  - A Colonel Steele? The name doesn't --

UNCLASSIFIED

- Q Did you deal in 1983 with Oliver North?
- A Well, I met Colonel Worth, ''I believe my recollection was that I met him in 1984, but I did not meet him, and if I did, I have no recollection.

Going back to the money, I did not finish telling you that the directors were given also family support and that was given to us at different times or put into accounts, into accounts of ours, and as far as I know I

THOMOUNAS

# INCLASSIFIED

13

can tell you about me. I don't know about the others, how they got it.

- Q In 1983 where were you living?
- ${\tt A} {\tt I}$  was really nowhere because I had no status anyplace.
  - Q Were you spending time
- A I was spending a lot of time Most of my time, I mean, I spent traveling also in other countries, in Europe.
- Q And is it fair to say that you were trying to develop political support for the FDN?
- A Yes, yes, definitely political support and weavere trying to convine people. On all sides, as I commember, was trying to tell the world what the Sandinistas really were, see, because we Nicaraguans were the first to find out what they were doing.
- Q Did you know how much the United States Government had appropriated in 1983 for support of the FDN?
  - A No. No, sir.
- Q Do you know what the case were that led to the withdrawal of
  - A No.
    - Q When did come in?
    - A came in in 1983, but before came

in, when we came in as directors, let's say, there was



## UNIT ASSIFIED

14

already an invention of establishing a direct relationship between the Nicaraguans and --

- Q The United States?
- A The United States. Then there was no need for this middle man.
- Q I would like to mark as the first exhibit some records that were produced by your counsel, I believe. And let's mark as Calero Exhibit 1 a record of financial expenditures beginning with July 1, 1984.

(The document referred to was marked Calero Exhibit Number 1 for identification.)

And as Calero Exhibit 2 a record in the same form that begins with September of 1985.

(The document referred to was marked Calero Exhibit Number 2 for identification.)

Mr. Calero, I'll show you Calero Exhibits 1 and 2 and can you tell me if you've seen these before?

- A Yes.
- Q And what are they?
- A These are the monthly expenses and it's indicated here what it covers.
  - Q And who prepared these records?
  - A In our office, in our finance office.



UNGLASSHALL

111 4

15

- Q And when were they prepared?
- A They were prepared at the time of -- I mean, I cannot tell you when these were copied.
- Q Were these records prepared for the Senate

  Committee and the House Committee or were they kept at the

  time in this form?
- A face records have been kept all along in our offices, and they are records of all our expenditures and there are to the point where it has been possible to keep all invoices. We have a few trunkfuls of invoices.
- Q But were these schedules here, these exhibits 1 and 2, are these schedules that were constructed from the records that you kept there?
  - A I would not be able to tell you.
- MR. LIMAN: Do you know how these records were prepared?

MR. PORTUONDO: No. Let make he wants to know if whet years. Exhibit 1 and Exhibit 2, were something that you prepared for the first time to give to the Senate Committee or are these records which have been made and kept all along when the events occurred

THE WITNESS: These records were prepared. I mean, these were written in order for us because we were in the process of reconstructing everything in order to be able



#### TOPOGLASSIFIED

16

to present an understandable record of our expenditures.

BY MR. LIMAN: (Resuming)

- So that these are financial statements?
- A These are financial statements which have been taken out.
  - Q From the original records?
- A From records, yes, from original records. I would say yes.
  - Q And were these prepared at your request?
- A They were prepared -- let me see -- I don't know, about two months ago, three months ago. And I asked --
- MR. PORTUONDO: When he says "prepared", he doesn't mean photocopied.

BY MR. LIMAN: (Resuming)

- ${\tt Q}$  Let me just see if I understand what happened here, Mr. Calero. The organization kept records of its expenditures.
  - A Yes, we have records.
  - Q And kept records of its receipts, correct?
  - A Yes.
- Q And there came a time when there were inquires , made of the organization as to how much money it had received and how much it had spent, correct?
  - A Yes.
  - Q And you can date that to the time that there were



#### **UNCLASSIFIED**

17

disclosures in the United States about diversion of money from the Iranian arms sales; is that correct?

- A Yes.
- Q And in order to demonstrate how the funds that you received were spent you had drawn these schedules based on your original records to show in an understandable form how much money you spent each month; is that correct?
  - A Yes.
- Q And the records from which these exhibits were prepared are records that are
  - A Yes.
- Q And they were records that were made at the time of the expenditures?
  - A Yes, which I have never seen.
- Q And you have bookkeepers there who keep that kind of records?
- A Yes, we have bookkeepers there. In other words, this was not drawn up every month. I mean, this was not drawn up in July of 1984.
- Q I und seemed now. Now, were there records that you received regularly that showed how much was being spent and for what purposes? In 1983 did you receive a report from your financial people?
- A I would not see them regularly. I would not see them regularly. But I have a record which is very difficult



#### UNREASSIFIED

18

to understand and to follow on account of it showing conversions and all sorts of --

- Q I understand that. And what record is that that you have?
- A That's a record. It was a report. It's an accounting that I have.
  - Q It's a report?
  - A Yes.

1.27 40

- Q And who would provide you with that report?
- A That report was provided by the head finance man,

Mr. Montes is the name he goes by.

- Q And how often would you receive these reports from Mr. Montes?
  - A Monthly.
- Q And what did you do with your copies of those reports?
  - A I would have them in Miami, wherever.
  - Q Do you still have those records?
  - A I have those records.
  - Q Could we get copies of them?
  - A Sure.
  - Q Now if I show you these records maybe you can help

### UNCLASSAMED

19

explain it. Let's look at Calero Exhibit 1 and the second page in it, which is a compilation for July of 1984; am I correct?

- A Yes.
- Q Could you tell me there's a heading "concepto". What does concepto translate to in English?
  - A Concept. account.
  - Q That's the account?
  - A Yeah.
- Q And under that are various items which are items of expense; am I correct?
  - A Yes.
- Q And the first item says maintenance of personnel, is it?
  - A Yes.

other than the troops?

- Q And what does maintenance of personnel represent?
- A That would cover --
- Q Are those the family allowances or is that some other item?
  - A That would be -- let me read a little bit more.
- Q Take your time. I call your attention to the fact that there is another item called maintenance of troops.

  Does the item maintenance of personnel mean FDN personnel
  - A That includes -- this mantenimiento de personal is



#### tornseassffied

20

all our administrative and what we call family support for officers and for air force and doctors and hospital personnel and all of that.

- Q But the largest item on this sheet is, as I read it, for the maintenance of the troops. Well, maybe it isn't in dollars, but it'
  - A
    - And that would be the family

maintenance allowances for the troops in the field?

- A No, no.
- Q What would that be for?
- A That would come out of here. It would come out of here.
- Q When you say "come out of here", it would come out of maintenance of personnel?
  - A Yeah.
    - Then what would be the
    - A The which is equivalent to,

#### let's see --

- Q It's equivalent to
- A Yes.
- Q And that's under the heading of maintenance of troops. What was that for?
  - A Maintenance of troops was food for troops.
  - Q And the second item here, it says Viaticos. What

#### TONCEASSIFTED

21

is that?

11/2 14

- A Viaticos, that's per diems and travel expenses.
- Q Now this schedule for July of 1984 shows, am I correct, that the total expenditures in dollars after translation comes to about
  - A Yes.
- Q Am I correct that that money is the money that was provided by the United States Government?
  - A No.
  - Q Where did that money come from?
- A This money in July 1984 we began to receive money from foreign sources. This has nothing to do with United States money.
- Q When you say you began to receive from foreign sources, into what account were you receiving that?
  - A Into the accounts that you already have.
- Q I believe that the substantial money that you began receiving from foreign sources into your account began in July of 1984.
- A That's it.
  - Q So this money was being spent out of the money that was coming into the account that you maintained?
    - A Yes
  - Q And before that, before July of 1984, you also had these expenses; am I correct?



#### UNOPASSIFIED

22

A Yes.

1.00

- Q And how was that money being received?
- A That was money received from the United States Government.
  - Q And into what accounts were those monies put?
  - A They did not go into accounts at all.
- Q That money was disbursed directly by the United States?
- A It was disbursed directly by the people who were your representatives down there on a weekly or biweekly basis, depending on the type of the expense.
- Q And those were the people that you mentioned earlier?
  - A Yes.
- Q Were you aware when you joined the FDN that the President of the United States had authorized the CIA to provide assistance to the FDN?
  - A Yes. I was told so.
  - Q And who told you that?

-

- A his name was
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{A}}\ensuremath{\mathtt{A}}\ensuremath{\mathtt{d}}\ensuremath{\mathtt{d}}\ensuremath{\mathtt{d}}$  have a position with the United States Government?
- A Yes. He's the one that I described as being the project director or the chief for Central America. He, if I remember correctly, is the one who told me that this project



### UNPLASSITHED

23



1,30 €

had the backing of the President of the United States and that it was being funded, obviously, by the United States.

- Q And gather, is the name that you were trying to think of before?
  - A Yes, yes. That's it.
- Q Now did there come a time in 1984 before you started to pay these expenses directly out of your account when you were told that there was doubt whether the United States government would be able to continue to provide funding?
  - A Yes.
  - Q Tell me about that in your own words.
- A Well, through 1983 we were seeing that our project had many detractors, that it had bad press, that it definitely was beginning to turn into a partisan issue.
  - Q Dispute?
- A Dispute. That the President's backing was clear. It was clear the Republican backing was clear. The conservative Democrats were pretty much on our side, southern Democrats, and that we were in more trouble. I mean, it was very obvious since 1983. And then came the time in 1984 when there were no more funds voted, in June -- May.
- Q Do you recall that as early as February of 1984 it had become apparent that you would be running out of United

#### TUNCLASSIETED

24

States funds by May or June?

- A Well, I don't remember exactly now.
- Q Do you remember that there was some advance notice that the funds were not going to be sufficient to cover the full year?
- A Oh, yes. I don't remember, though, exactly when that became apparent.
- Q I can understand that. Do you remember that the revelations about the mining of the harbor created some outcry in the Senate?
  - A Yes, I remember. Yes.
  - Q And the House?
  - A Um-hum.
- Q And was it at or about that time that you realized that it was going to be very, very difficult to get continued funding from the United States Government?
  - A Yes. We realized that.
  - Q sist have been a source of some concern.
  - A Yes, definitely.
- Q You had troops who were dependent on the FDN being able to receive money in order to subsist, correct?
  - A Yes.
- Q And this was a cause that you felt very deeply about, correct?
  - A Yes.

# TOP SECRET

25

- Q And you were told that the President of the United States felt deeply about it; am I correct?
  - A Yes.
- Q And you were told that many Members of the Congress felt deeply about this cause?
  - A I heard from them directly.
- Q What plans, if any, were made to provide continued funding after Congress' money had run out?
- A Well, we began talking about our concern to very many different people, like General Singlaub I remember was one of the first that we saw about this and so many other people that I would not remember. General Singlaub was like -- we felt he was the closest person we had to us.
  - Q When did you meet General Singlaub?
- A I think in the fall of 1983 I attended a meeting of the Council for World Freedom -- no, no -- the World Anticommunist League. So I must have met General Singlaub before that time, in summer 1983, probably, at the CNP meeting, the Council for National Policy meeting, in Arizona I believe it was. I think I met him there.

And we have been close ever since.

- Q At that time General Singlaub was not still in the military of the United States; correct?
  - A No, he was retired.
  - Q He was retired.

### TOR SEGRET

26

- A Yes
- Q Who did you talk to who was still employed by the United States Government about what other sources of funding might be available once the official funds ran out?
- A Well, just at the time there is a meeting that has been referred to, which the save called like a pep meeting, a pep talk, which took place that save recollection of meeting Colonel North.

 $(\Pi)$ 

(1) (bo in+)

- Q Do you recall when that was?
- A June maybe, May, '84.
- Q Colonel North's diaries reflect a meeting with you on April 6, 1984 in Washington.
  - A In his office. I was shown that by the --
  - Q Independent Counsel?
- A Independent Counsel. However, I said I'm sorry, I do not recall that
- Q You recall that there came a time when you did in fact meet with General North in his office in Washington; correct?
  - A Oh, yes, but that was after
  - Q So that your recollection that you first met
    - A Yes.
    - Q And then whatever meetings you had with him in



### TOP CLASSIFIED

27

Washington were after that meeting

A Yes, because I don't remember. See, as I said, a meeting could have taken place, but I cannot remember it.

Q When you first met North was anyone accompanying him?

A Yes.

Q Do you remember who that was, what name?

F

111-

O And who else?

A Clarridge, and possibly was there.

Q Now I understand how difficulties ecall from memory a particular date, but let's see if we can fix this in time in terms of events. At the time that you had the meeting had it already become apparent to you that funding in Congress was in trouble?

A Well, funding in Congress was in trouble since 1983. As I said, we never knew if it was going to be continued or not

Q Do you remember that for the fiscal year '84, the United States fiscal year which ends on September 30, that Congress had appropriated \$24 million? Does that ring a bell at all?

A No. I don't think -- I wasn't even very much aware of when the fiscal year the time. I was not -- I mean, I had left the United States for such a long time.



### MACIASSIFIED

28

- Q Does the figure \$24 million ring a bell?
- A No.

*j* •

- Q Did the meeting take place before the mining incident?
  - A No. after.
  - Q So it took place after the mining incident.
  - A Yes.
  - Q And tell us what happened at that meeting.
- A Well, I mean, that's another thing very difficult to say, but the thing was that, like I say, the way I described it before -- and I would do the same again -- it was like a pep talk, you know, that something would come about.
  - Q Who was pepping whom up?
- A Well, they are pepping us up. I mean, we are the ones who are in bad shape. And we're the ones who have our brothers in the field, you know, under the threat of getting killed.
  - Q Did they say they wanted you to continue?
  - A Of course, of course.
- Q Did they say that you still had the support of the President of the United States?
- A And that he would keep on trying and trying, that he wouldn't give up, that he would try and request again and again and again.



### TONGLASSHED

29

- Q Did they say that they would try\_to find other sources of funds for you?
- A Well, I would be saying something that I cannot recall exactly.
- Q I'm not trying to put words in your mouth. But you were at a time when if the funds ran out you would have troops starving, correct?
- A Well, funds ran out afterwards and we got credit, you know. Now we owe
- MR. PORTUONDO: Adolfo, please listen to the question.

BY MR. LIMAN: (Resuming)

- Q It was clearly a source of concern to you to hear that the United States might not be able to continue funding, correct?
  - A Definitely.
- Q And after the bombing incident you had this meeting am I correct?
- A Yes, chronologically it was after the bombing. I mean, not on account of the bombing.
  - Q But it was chronologically after the bombing?
  - A Yes.
- Q And it was at a time when there was doubt whether the funding would continue, correct?
  - A Correct.



### UNCLASSIFIED

30

- Q And you did discuss the subject of funding with them?
- A We did discuss the fact that possibly -- I don't know if it had been announced already or not that there would be no more moment but that that could be a possibility. I remember talking about that we would have to go to solicit funds, to people, to countries, whatever ways we could fund our effort, that we would get all the help possible in this thing.
  - Q Who would give you all the help possible?
  - A Well, I would say Colome worth.
- Q And this was your first meeting with Colonel ...
  North?
- A Sir, I have gone ever that before, and I have said --
- Q The meeting we're talking about now is the meeting that you
- Q And was Colonel North described to you as having a particular role in assisting the FDN?
- A Let's say I could gather that he was a newcomer into this picture, into the situation.
  - Q How did you gather that?
- A The fact of the way of the introduction, and also then I had information and experience after that that he did



31

become a primary player in this thing. You see, I would say
-- I mean, he became, after a couple of more meetings with
him, I realized that he was going to be the interlocutor,
let us say, for the United States Government.

- Q Now what about Mr. Clarridge? What did you understand his position to be?
  - A Mr. Clarridge, we didn't see him very often.
  - Q Had you met him before this meeting?
- A Yeah. He had been I had met him in Miami, but I don't remember when -- back in '82 or '83, sometime.
  - Q Did you understand that he was with the Agency?
  - A Yes. That was my understanding.
- Q Was one member of this group -- did one member of this group appear to be the leader of the group at this meeting?
  - A The one you mean?
  - O Yes.
- A Well, it was Clarridge that appeared to me to be the top person in the group, yes. And there was someone else, but I have no idea. There was someone else, too, in that meeting.
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{Was}}$  there someone from the State Department in that meeting?
  - A I don't recall.



# TOPUNCEASTIFIED

32

- Q Was it Mr. Armitage of the Department of Defense? Was it Mr. Armitage?
- A I would not be able to remember that, because I met Mr. Armitage in an occasion that seemed to me for the first time not too long ago, last year sometime.
- Q When you discussed with the members of this group the possibility of obtaining funds from other countries and other persons, do you recall what Dewey Clarridge said?
  - A No, sir.
  - Q Do you recall what Colonel North said?
  - A Well, not at that meeting
- Q Was there a subsequent meeting in which you discussed plans for continued funding?
  - A We met once more.
- Q When did that meeting occur and where did it take place?
- A Possibly here in Washington. I would not remember the date. Or it could have been
- Q Maybe we can get some milestones. You remember that in July of 1984 the FDN started to receive \$1 million a month?
  - A Yes.
  - Q And were there meetings that took place between the first meeting you had with Colonel North and the July date when you started to receive the money?





33

- A I can tell you now. That reminds me. I gave Colonel North, sometime in June, an account number for a bank.
  - Q And how did that come about?
- A Well, that came about that there was the possibility of foreign sources helping us.
  - Q Who told you that?
  - A If I gave him the bank account number --
  - Q It had to be Colonel North?
  - A It had to be Colonel North, yes.
  - Q Do you remember the conversation at all?
  - A No, I don't.
  - Q Was it a telephone conversation or in person?
- A No. I gave him the number in person, if I remember correctly.
  - Q Was it in his office?
  - A In his office I gave him, yes.
- Q And did he tell you at that time that he had some good news for you, that they had gotten some money?
- A No, no. Then General Secord came into this picture too just about the same time. As a matter of fact, I don't remember who I gave my account number to first or how many people did I give it to. I remember giving it to General Singlaub, to Colonel North, to General Secord. And General Secord spoke about getting money, trying to get

#### UNOLASSIFED

34

money for us from, I believe, or something like that.

- Q Was that before the first \$1 million came in?
- A That was before. If I remember correctly, it was before -- you see, what happened. Let me explain one thing.

What happens is this: The most important thing for me was that our men would have food, that our men would be able to defend themselves, that our men would not be sacrificed in vain.

So all the circumstances, all the talks that brought this about, I don't keep a diary. I never write anything down. This war that I was in, you know, was supposed to be clandestine. So all the circumstances made it so that sometimes I would purposely not pay attention to detail or to nothing.

- Q Mark as the next exhibit a schedule that we prepared from the bank records that you provided to us, which are the monthly balances for the six Calero accounts that you gave us.
  - A The six what accounts?
- Q Well, we call them Calero accounts, but they are the accounts that you had some authority over and they have, as you will see, for each month the total amount of the deposits and then the total disbursements, and then what the balances were.

### UNTLASSIFIED

35

(The document referred to was marked Calero Exhibit Number 3 for identification.)

| For the record, the accounts are                            |                               |
|---|-------------------------------|
| 4   | which was                     |
| account / the   | account in the                |
| same place, account number                                  | - the first account was in    |
| the name of   | the second account was in the |
| name of   | The third account from which  |
| we extracted the information that you gave us the materials |                               |
| on is   | in the                        |
| name of   |                               |
| The fourth account is a                                     |                               |
| in the name   | fifth account is              |
| another   |                               |
| And the final accoun  | t is a secount at the         |
|   | which is also in the name of  |
|   |                               |

If you look at Exhibit 3 you'll see that until
July of 1984 the amount of activity in these accounts was
very little; am I correct? Until you got the \$1 million
there was very little money that either went into the
account or was disbursed.

A Look, sir, that account was a personal account.

MR. PORTUONDO: Adolfo, he just asked you



36

something that calls for a yes or no answer.

THE WITNESS: Oh, okay.

BY MR. LIMAN: (Resuming)

- Q There was very little activity.
- A Yeah.
- Q And so the first major activity was when you started to get the \$1 million a month; am I correct?
  - A Yes, sir.
- Q And am I correct that it was Colonel North who told you that you would be receiving \$1 million a month?
- A No, I don't remember that he told me that I would be receiving \$1 million a month.
  - Q Well, who told you that?
- MR. PORTUONDO: It has been assumed here that he was told that he would be receiving \$1 million a month.

BY MR. LIMAN: (Resuming)

- Q Well, were you told that you would receive \$1 million a month?
- A No. I don't remember being told that I would be receiving \$1 million a month. I remember General Second told me that he was trying to work for a donation of between \$15 million and \$25 million, and I remember that I informed Colonel North, because I kept him informed of all our activities, our situation. Every time I saw him I would tell him how we were, what we were doing, what were our





37

problems, what were everything.

And so I told him that I had received that, and I don't remember he ever telling me you are going to get \$1 million a month or you are going to get so much. I don't remember that.

The only time was when General Second said that he was working on some friends to get us between \$15 million and \$25 million.

- Q Let's go back to Secord. When did you first meet General Secord?
  - A I don't remember.
  - Q Who introduced you to Secord?
- A I don't remember. I wasn't introduced as such. I believe that it was through Colonel North and I don't remember if I called General Second or if he called me on Colonel North's recommendation. But I do not remember. It was here in Washington at a hotel.
  - Q Was the hotel one on 734 Jackson Place?
  - A 734 Jackson Place?
- Q Does that name mean anything to you, sir -- 734 Jackson Place?
- A Well, I met -- if that is the place that's across Lafayette Park?
  - Q Yes.
  - A Okay. I met Colonel North there a number of



# UNTEASSITIEBT

38

times.

- Q Where?
- A In an office there.
- Q Do you know was there a name on the office?
- A If I saw it, I would remember it.
- Q Was it called the Commission on the United States
  Constitution or the U.S. Executive-Legislative --
- A Look, sir. What I can tell you is that it is -MR. PORTUONDO: Adolfo, he is not arguing with
  you. He is trying to refresh your memory. If you don't
  remember, just say you don't remember.

THE WITNESS: I don't know the name of the office.

I cannot remember it. All I can tell you is it was across
the street from Lafayette Park.

BY MR. LIMAN: (Resuming)

- Q Who gave you the address to meet him there?
- A Colonel North, the person I was meeting.
- Q And who was present when you would meet with him at this address?
- A I was offered coffee by someone who was there, but I don't remember having anybody present there. I do not remember if I ever met General Second there. I do not remember.
- Q Am I correct that you do not remember the name of the office as you sit here today?

## NACHASSELLED

39

- A No. I remember clearly that it was right across the street from Lafayette Park.
  - Q Did you meet him in a conference room?
- A No. I think it was -- yeah, in a conference room. There was a conference room there, and there was an office, too, downstairs, and there was a conference room upstairs. But I don't remember exactly. I remember meeting him in a conference room.
- Q You testified before that the operation of the organization, the FDN, was supposed to be clandestine. Do you remember that a moment ago?
  - A Yes.
- Q Was the purpose for meeting Colonel North at this place as opposed to his office in order to keep it secret?
  - A No, because -- I don't know why.
  - Q It was his suggestion?
- A It was his suggestion that I meet him there, but I after that met him in his office. So I don't know what the purpose was. It was easier to go there because it was no clearance and no this and no that.
- Q I'd like you to probe your memory on this. Do you have a recollection as to whether you met Colonel Second before the \$1 million a month started coming into these bank accounts?
  - A It would be --



# THE LABORATOR

40

- You don't recall one way or the other?
- Q I'm not saying that made a difference. I'm just trying to get a fact, and the fact is that you really at this point, in 1987, do not recall whether you met Second before or after the \$1 million a month?
  - A It could have been before.
  - Q It could have been after?
- A Yeah. But, I mean, I remember that -- I mean, if I were to really -- you know, I would say before, you see.
  - Q That's your best recollection?
- A My best recollection would be before. But as I say, there are things that I just simply did not attach that much importance to.

MR. PORTUONDO: Adolfo, Mr. Liman doesn't want to be argumentative with you and you may get that impression. What he's trying to do is give you certain reference points to enable you to refresh your memory. He understands that things that didn't have significance three years ago you wouldn't be able to recall now because they do have significance. He understands that.

BY MR. LIMAN: (Resuming)

Q Mr. Calero, when you started receiving the \$1 million a month, did you have any discussion with Colonel



#### BACLASSAED

41

North as to how long this would continue for?

- A No, I did not know.
- Q Had you given Colonel North any information as to what the needs were of the FDN?

MR. PORTUONDO: He means in terms of how much money you needed.

THE WITNESS: I would say that he had ways to know that.

BY MR. LIMAN: (Resuming)

- Q Why do you say that?
- A Because he could have checked with his own government. I remember --

 $$\operatorname{MR}.$$  PORTUONDO: Excuse me. Adolfo. The question was asked.

THE WITNESS: Look at my process, Joe. My process is that I am thinking out loud, and you are sharing in my recollection of my thoughts.

MR. PORTUONDO: Take your time and give the answer then. He wants you to be as accurate as you can. He doesn't want you to guess.

MR. LIMAN: I appreciate that we're talking about events that occurred three years ago and that at the time it may not have been important to Mr. Calero to remember whether he was told something by North or Second or by someone else. I appreciate that he is struggling with the

#### UNCLASSIFIED

42

memory and I don't mind his taking his time with his answers.

MR. PORTUONDO: Think to yourself.

MR. LIMAN: This is not a grand jury. It's an effort to try to find out what happened, and I appreciate the effort you are making and the records that you gave us.

THE WITNESS: You understand it is extremely difficult to be able to remember things exactly and to the best of my memory I never knew for how long we were going to receive this. The figure that I heard mentioned clearly was General Secord saying he was going to try to get between \$15 million and \$25 million.

BY MR. LIMAN: (Resuming)

- Q Let me see if I can try to help again, this time using Colonel North's diaries. Do you remember meeting with Colonel North at the Hay Adams at any time?
  - A Oh, yes.
  - Q And where would you meet him at the Hay Adams?
- A We had breakfast there once that I remember very clearly, and we met downstairs, downstairs in the London Grill or something. We had lunch there a number of times. Yes, I remember meeting him there.
- Q Do you ever recall meeting him at the side of the parking lot at the Hay Adams?
  - A A parking lot? There is no parking lot at the Hay

#### TUNCHSSIEED

43

Adams.

- Q Or the side of the park of the Hay Adams?
- A Oh, that's where I referred to, the place you called Jackson Place. That's what I referred to. Across the street from Lafayette Park, which is the park by the Hay Adams, is where I met Colonel North -- three, four, two times. I don't remember how many times.
- Q Now I will tell you that the first time that Colonel North's diaries refer either to Jackson Park or to the Park itself are an entry for June 26, 1984, which is just prior to the first deposit of \$1 million into the account. Does that refresh your recollection at all as to when you were first told that money would be coming in?
- A No, because, see what happens is that my recollection of giving Colonel North my account number was in his office and not in that place.
- Q Well, the diary of Colonel North indicates that he met you at his office on June 25, 1984, and June 12, 1984.
  - A In Jackson Place?
  - Q No, at his office.
  - A Maybe June 12, maybe ave him.

    MR. PORTUONDO: He doesn't want you to guess.
    - BY AN: (Resuming)
- Q You had three meetings with him, according to had diary, in June -- two in his office and then a third at



44

Jackson Place. That doesn't refresh your recollection?

MR. PORTUONDO: As to what?

BY MR. LIMAN: (Resuming)

- Q As to the time that you gave him the account number.
- A Account number? I gave it to him in his office.

  That's my recollection.
- you gave him the account number and when the money first came?
  - A No, sir.
- Q Do you recall him telling you where the money was coming from?
  - A No, sir.
- Q Did he tell you it was coming from a foreign state?
  - A No.

the United

procurement practices of your ganization change?

- A Well fore, the nited States Government used to supply us with weapons and ammunition and also uniforms -- if I remember correctly, uniforms and boots.
- Q And what happened after the U.S. Government funding ceased and you started to receive this money in your

### UNCLASSIFIED

45

#### accounts?

- A Then we started to buy all these things ourselves.
- Q And who handled the procurement for your organization?
  - A Well, it was different people.
  - Q Tell me who.
- A The procurement of boots and uniforms and belts and web gear was handled by my brother.
  - Q And where was he located?
- A procurement of weapons and ammunition. And we had a procurement office that handled all the food and medicine and local purchases we also began to obtain things, some things.
- Q Did you have any expertise in procurement of weapons before this?
  - A No, sir.
- Q So let's get the sequence. The United States
  Government funding ends, funding starts coming into your
  back account and all of a sudden you have to become an
  expert in buying weapons; is that fair to say?
- A Well, there were very few things that we were buying, you know. It was not a matter of -- it was a matter of buying only a very limited line of weapons and ammunition.





46

- Q Who gave you advice on where to go to buy the weapons and ammunition?
- A Well, the first procurement I got from -- I had met a Colonel in Nicaragua, U.S. military attache, Colonel McCoy.
  - Q Colonel McCoy?
- A Yes, Colonel McCoy, And Colonel McCoy approached me one time and said, you know, whenever I needed anything, you know, I could call on him -- Jim McCoy -- and that he had a connection with a company that could help us out.
  - Q Was that Gretsch World or Mr. Martin's company?
- A At first I got a card from him that said R&M  $\sim$  Equipment Company.
  - Q R&N?
- A R&M Equipment Company. And when I found myself in the situation where we were to buy stuff ourselves, then I called on Martin because we were in an emergency and then at the same time also I was speaking to General Secord, who had told me that he could market tuff, too.
- Q Let me give you some dates that we have extracted from your records and maybe this will help put things in a time frame for you. Your first purchase from Martin or Gretsch World, as he called himself, was in August of 1984. Your first purchase from a Second company, according to the



## UNULASSICATION

47

A Yes

Q And between your first purchase from Gretsch
World, which was August 7, 1984, was for then you
bought in September for Then there's a wire
payment in November for And then in December we
see the first purchase from a Second entity called Energy
Resources, which is for

I tell you this -- I haven't put a question -just to give you a time sequence from your records. So
let's start with Martin or Gretsch World. Who put you in
touch with him? Was that McCoy?

A McCoy, yeah. McCoy handled the procurement. I did not meet Martin for quite a while.

Q So McCoy handled the procurement. Did you tell him what you needed, or did he find that out from the commanders?

A Oh, no, no, no. I told him. For instance, I told him that we needed -- the first thing, I don't remember what exactly was the first thing we bought from him, but we got a credit from them arifles.

MR. PORTUONDO: Excuse me, Adolfo.

BY MR. LIMAN: (Resuming)

- Q The Mr. Martin's company?
- A Yes, what turned out to be Gretsch World.
- Q And how much did you get as a credit?



### UNOPASERRET

48

A The total amount was about which we paid in installments of

- Q Did you understand that Martin was the principal or a broker?
  - A I understood him to be working for --
  - Q Gretsch World?
- A R&M Equipment. And it turned out, I found out later, that R&M Equipment were brokers or agents for this Gretsch Weild.
  - Q How did you know how many rifles to order?
- A Well, from our needs. We were having thousands of people swarming over to us which we could not arm.  $\sim$
- Q And who would communicate to you how many rifles you needed?
  - A Bermudez.
- Q And is it a fact that McCoy would deal directly with Martin on what type of rifles you should buy and what the price should be? Who handled the negotiation with Martin on what type of rifles you should buy and what was a fair price?
- A We were offered G=3s. This was a purchase of opportunity, that the rifles were in --
- A No. It turned out afterwards they were in and that they were in bond, that they



could be given credit and that the price was \$300, which was half the price of what I understood the FAL was costing.

- Q Who gave you that advice that this was a good price?
- A I knew what the price of the FAL was. Oh, McCoy. When I first talked to McCoy -- that must have been in the summer of '84 -- I passed on his card to
  - Q Who was that?
- A I don't remember who it was. But I passed on the card for them to check them.
  - Q And did you get a report back?
  - A Well, not a report.
  - Q An oral report?
  - A Yeah.
  - Q Who gave you that oral statement?
  - A I don't remember was who it was,
- Q.
  - Q And what were you told about Martin?
  - A That it was okay for us to do business.
  - Q Now during this period when you are buying the weapons from Martin and before the first purchase from

# UNCLASSIFIEBT

50

Secord, were you seeking advice from Secord on weapons?

- A What happened with Secord, you see, with Secord we put together that order months before we made the first payment. You see?
- Q The first payment was in, as I told you, December 19, 1984. What was it for? Do you remember what your first purchase was from Second?
- A Yes. He put together for us, and it took a while for the thing to -- unnunity of

don't remember. I would have to

look at the records to know exactly what.

- Q Do you remember how long it took?
- A A long, long time.
- Q To work out the arrangement?
- A Well, it took -- the ship came until April.
- Q And you began paying in December?
- A Well, I don't remember if I paid in December for something else, you see, because in January and February we got three air shipmants on an emergency basis.
- Q Your records, as I've told you, show a December payment.
  - A Yes.
- Q Do you remember when you first began talking to Second about supplying you with weapons?



- A Possibly in July.
- Q And do you know what took all of the time from July till the first of the year to get weapons through Second?
  - A That they came from
- Q And Secord told you he was getting the weapons
- A Yes. He was not getting them directly; he was getting them through a company that had connections there.
- Q Did he talk to you about the fact that would need some end user certificates in order to make the shipment?
- A Yes, and I believe -- I don't remember exactly.

  For parts of those things there were end user certificates obtained.
  - A Yes.

    Q who handle that?

    A Someone in
  - Q Somebody for the CIA?
- A No. A friend of ours, a Nicaraguan -- a
  Nicaraguan friend of ours. But I don't remember what things
  needed, because I remember one thing very clearly that he
  said, because it stuck in my memory. He said that the

sell the rounds like firecrackers, that there was no



need for end users.

- Mr. Calero, do you recall that there came a time when the United States Government adopted the Boland Amendment prohibiting further U.S. funding of military and paramilitary activities of the freedom fighters?
- Yes, I remember the Boland Amendment. I did not remember when it was, when it began to apply. However, I have read.
  - You now know?
  - I now know.
  - That it came into effect in October of 1984?
- Let me see if you recall a series of meetings that you had in September of '84 with Colonel North and some others. As a way of trying to give you a framework for recollection, let me tell you what North's diary shows.

On September 4, 1984, his diary shows that he had breakfast with you at the Hay Adams at 7:30 in the morning. It shows that at 10 an the morning Mr. Clarridge, Colonel et you at the Hay Adams. That must

North and have been a continuation of the breakfast.

It shows that at 9:30 Colonel North, Mr. continued the meeting at the Jackson Place office, and it shows that at 11:30 there was a meeting in the Hay Adams lobby with you, Rob Owen, Colonel

UNCLASSIFIED

10 of MR.+ 6

# UNCLASSMED

53

North and Mr. Livingston.

Does that in any way jog your memory of a series of meetings at the beginning of September?

- A All those took place in one day?
- Q Yes. It was just sort of one series of meetings for you with Colonel North and these individuals after another -- one after another.
- A I remember -- I don't remember seeing Clarridge and is -- well, I think I know who you mean. He used to go by another name.
  - Q What name did he go by?
- A I'll probably think of it later, but right now it doesn't come to mind. I'm sorry, but I do not. As I've said before, I remember having breakfast very clearly one time or twice with Colonel North at the Hay Adams, but I have no recollection of that particular meeting.
- Q Do you recall any meeting that took place at or about the time that the Boland Amendment was passed with Colonel North?
- A As I said, I met him regularly. Whenever I came to Washington I met with Colonel North.
- Q Do you recall any meeting at which you and Colonel North discussed the effect of the Boland Amendment?
- A See, there was so much information on the Boland Amendment in the newspapers.



## UNAL ASSOCIATED

54

- Q Did you have any discussion that you can recall with Colonel North of the Boland Amendment?
- A I cannot remember any clear conversation. It doesn't come to mind a conversation. But, as I say, we used to talk about all the things related to us, so I would expect that that is something that could have come up.
- Q Did your business with Colonel North continue after the Boland Amendment the same way as before?
- A Well, I continued to inform him of our situation, of our needs, of our problems, of our successes, of our position.
  - Q And did he continue to give you advice?
- A Well, I remember I was asked before about did he ever tell you about Sandinista troops. I remember we talked about the Sandinistas massing troops near the border, which was something that we knew. I remember talking about the Sandinistas getting new shipments of Soviet weapons. I remember about seeing pictures, maybe that I saw published in
  - Q What pictures?
  - A Pictures of Sandinista installations.
- Q Mr. Calero, did the method of operation with Colonel North continue the same way after Boland as before?
- MR. PORTUONDO: Did you continue to have the meetings and so on?



THE WITNESS: I had answered him. I continued to meet with him. I continued to tell him all our problems, all our needs, all our successes.

BY MR. LIMAN: (Resuming)

- Q Did you continue to get funding?
- A We continued to receive money in our bank accounts.
- Q Did Colonel North have a code name that he used with you?
  - A Yes, yes.
  - Q What was that code name?
- A He told me that the Soviets listened to everything that we talked on the phone in the east coast of the United States and that we should address each other -- I would call myself Barnaby and he would call himself Steelhammer.
  - Q Do you remember him introducing you to Rob Owen?
- A That's what is not clear. My recollection is that
  Robert Owen was working for Gray and Company, and because I
  remember the name recently, Gray and Company, and coming to
  me with a proposal for public relations.

And I understood that that was on Colonel North's recommendation. But I don't know if I was introduced to him or he came to me with this proposal on Colonel North's recommendation. I do not remember. And I remember, however, that the recommendation or the proposal was not

# UNCLASSIFET

56

taken because it was something expensive and I was doubtful that it would look good to have our effort, which was poor, hiring an expensive --

- Q An expensive PR firm?
- A PR firm, yes.
- Q Do you remember meeting a Mr. Livingston with Colonel North?
- A The name does not -- Livingston? What does he look like?
- Q Let me go back to that purchase of weapons from Second. How did you arrive at the price that you would pay for those weapons?
  - A Well, they were quoted by Secord.
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{A}}\ensuremath{\mathtt{A}}\ensuremath{\mathtt{n}}\ensuremath{\mathtt{d}}$  and was Colonel North present when Secord quoted those prices to you?
  - A No.
- Q When you would communicate information to Colonel North would you tell him what you were paying for weapons?
- A Oh, yes. Oh, yes. I told him what we had ordered. As I say, I kept him -- I gave him all the information and I told him the money we have received.

MR. PORTUONDO: Your answer was yes.

MR. LIMAN: You can let him answer.

MR. PORTUONDO: I don't want him to repeat

himself.

IINGLASSIFIED



- Q Mr. Calero, did Colonel North tell you to whom he was reporting this information?
  - A No.
- Q What did you expect him to do with this information that you were communicating to him?
- A That the U.S. Government should be informed of what we were doing. We were allies and we also gave information to the CIA people.
  - Q Which CIA people?
- A The CIA people were always snooping. For a while we called them the snoopers because they wouldn't do anything for us and all they would do was look after us, you see.
- Q Did Colonel North ever say to you that he wanted to know how you were spending the money that he had raised for you?
  - A The way you put the question, sir, is --
- Q Did he ever ask you to account for your expenditures of money?
- A I did submit to him three, four times, a written, you know -- that we have purchased so much this, so much that, an idea of what we were spending. But I never gave him an invoice or anything like that.
  - Q But you submitted to him some handwritten account





### of what you had purchased?

- A Yes.
- Q And how much you had paid?
- A Yeah, approximate, because it was all from --
- Q From memory?
- A From memory, yes.
- O And was it handwritten?
- A Yes.
- Q And when did you first submit such an account to him?
- A It must have been in 1985, beginning of 1985, because it must have been after we got -- see, I did not put a big order in until we got the big money.
  - Q The big money is what?
- A The big money we got in February and March.

  Before then we were getting \$1 million, and then the next

  month another \$1 million, and we never knew if it was going

  to continue, for how long it was going to be.
- Q And the big money was the \$24 million that you got in February and March of 1985?
- A Twenty-four and a half or 24. I don't remember exactly.
- Q And when you received that money, that's when you began to submit these handwritten accountings to him?
  - A No, because before I had given him more or less an



# TOPPESESSIEVED

59

idea of what were our expenditures, monthly expenditures.

- Q How did you give him that -- orally or in writing?
- A Well, I must have orally told him about it, and then sent him or given him figures of what we were spending.
  - Q Did you mail them to him or hand them to him?
- A That's a hard one. I remember mailing a few things to him, but I don't remember what. I remember mailing him cartoons that would appear that were funny.
  - Q I'm going to ask you about this.
  - A I don't remember exactly, sir.
  - Q Was it given to him on a monthly basis?
- A No, no. Not on a regular basis we didn't give an accounting.
- Q Now after what you call the big money came in in February and March of 1985, on how many occasions did you go the change of 1985.
  - Q And that showed how you were spending the money?
- A That showed how much we were, yes. It showed what we had gotten, what we were about to get.
  - Q In equipment or in money?
- A No, in equipment. Just gave him. I don't remember telling him, you know, we got so much money, but remember telling him, giving him the handwritten -- so many this, so much of that, so much of that.





- Q Where do you remember giving it to him?
- A Where? In his office I gave it to him.
- Q Did he ask for it?
- A We'd start a conversation, you know, and then it's so difficult to determine if he asked or I offered, you know. We came to the conclusion that it was good for him to have that. I think it was good to have, and he wanted to have it. But, you know, it's very hard.
  - O Mr. Calero, did you write that out in his office?
- A Yes. I believe I wrote it out right there on a piece of paper. I believe I did.
- Q And did you observe that he then had that piece of paper typed?
  - A No.
- Q Did he ever give you a typed document that reflected the amounts that you were spending?
  - A No. (//)
- Q Golds back to the purchase that General Second arranged from was that the very first transaction you had with Second?
  - A Yes, that was the very first.
- Q And what steps did you take to make sure that you were getting the best price?
- A Well, I had gotten price indications, but more than anything else I trusted that a retired general of the



# UNCLASSMEED

61

United States Army, who had, according to what he had said, helped us secure money and had our best interests would be giving us prices that were good.

- Q What money did he tell you that he had helped you secure?
  - A Well, the money that we were getting.
  - Q Which money -- the \$24 million?
  - A This money that we began to get in July.
- Q General Second told you that he had helped get that \$1 million a month?
- A No. Well, he didn't say that. He was going to help us get between \$15 million and \$25 million a month?
  - MR. PORTUONDO: Listen to his question.
  - BY MR. LIMAN: (Resuming)
- Q Mr. Calero, in July you began to get \$1 million a month; is that so?
  - A Yes.
- Q And do you recall that then in February and March you got this \$24 million-\$24.5 million? You recall that, don't you?
  - A Um-hum.
- Q Now did General Second at any time tell you that he had helped get either the \$1 million a month or that \$24 million to \$24.5 million?
  - A Specifically he didn't say I helped you get \$1



# UNILASSIAED

62

#### million a month

- Q Did he ever say he had helped you get that money?
- A He said that he was helping to get the money.
- Q Who did you thank for getting the money?
- A No one.
- Q You never thanked Colonel North?
- A No one.
- You never thanked General Secord?
- A No one, because he didn't tell me I put so much in there. I just never thanked anyone.
- Q Colonel North never discussed with you that you were getting \$1 million a month?
- A Sir, I told you that I used to keep him informed of what we were doing, but I never knew. Nobody ever told me you're going to get so much, you're going to get \$1 million a month, and then so much and so much. No one ever told me that.
- Q Before that \$24.5 million arrived in February and March were you told that substantial deposits would be made in your account?
- A Well, I was told when I gave my account numbers to Colonel North and to General Second, my understanding was that I was going to be getting money.
- Q But that's not quite the same. Did anyone tell you you were going to be getting approximately \$24 million



# MOLASSAFED

63

### in February or March?

- A No. The one I remember saying that, I'm trying to get between \$15 million and \$25 million, the one that I remember saying that was General Second.
- Q Was it a surprise to you when you got a notification from the bank that \$24 million roughly had been deposited?
  - A I was really happy.
- $\ensuremath{\mathtt{Q}}$  . I have no doubt that you were happy. Were you surprised?
- A Well, if being surprised and being happy are associated.
- Q Well, you can be surprised and be unhappy, right? You agree with me on that?
  - A I was surprised and happy, then.
  - Q You were surprised?
  - A Yes, I was. I would say I was surprised.
- Q No one told you that you could expect deposits of \$24.5 million?
- MR. PORTUONDO: In addition to what you have already testified to about General Second.

BY MR. LIMAN: (Resuming)

- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{General}}$  Secord told you he was going to try to raise money.
  - A Try and get between \$15 million and \$25 million.



# UNCLASSIFIED

64

- Q But he never told you he had succeeded; am I correct?
- A Well, I mean he might have led me on to believe that what I had gotten had been through his efforts, you see.
- Q After you got the money did you say to General Secord I have received the money?
- A Well, I told him, yes. And I said now we can sit down and put in a good order, because the order we had put in before was accumulating. And how you asked me about prices, how did I know about prices. I will tell you how I just remembered.

We made a but the

O Who's "we"?

made a budget

and there was a Madon side for the we were gaing to nest few man. When the amount tion, that kind of thing. So I used that as my guid and was was

happy when I found out that we were paying up to 24 cents for the linked ammunition, referring to our budget, and 18 cents for one round of ammunition.

costed 7.5 cents per round rather than 18, and the links were free, and that we could link them, and we could obtain

# JORLASSIPEL

65

ammunition for about one-third of what the U.S. Government people were fadgeting it at:

- Q When was this budget prepared?
- A Oh, it must have been the end of 1983. We should have a date.
  - Q Do you have It?
  - A I will look for it.
  - Q Could you produce it?
- A We'll look for it. I remember seeing it in a pile of papers not too long ago. If I find it, which I think I will, it must have been prepared the end of '83 or beginning of '84. I don't remember exactly when, but I will look for it. Would you jot that down?

MR. PORTUONDO: He'll remind us when it's over.

BY MR. LIMAN: (Resuming)

- Q Was there a U.S. representative by the name of Masterson?
  - A Masterson?
  - Q Yes, whom you consulted -- Masterpool?
- A Oh, Masterpool. I mean, I met him two or three times.
  - Q Who was he?
  - A He was a consultant, a volunteer consultant.
  - Q For whom?
  - A For us.



- Q For the FDR
- A Yes. And he was in our base camp. I saw him there three times, four times.
  - Q Did he advise you on procurement?
  - A No.
- Q Did you discuss with Colonel North the fact that you had gotten the \$24 million?
  - A I told him. I informed him about it.
- Q Did Colonel North tell you before that money was received by you that it would be coming?
  - A Not to my recollection.
- Q Mark as the next exhibit a document signed .

  Steelhammer, addressed to My Friend, and it appears to be a draft with handwritten markings on it.

(The document referred to was marked Calero Exhibit Number 4

for identification.)

- A I read about that in the paper.
- Q Would you look at this and tell me whether you've ever seen this document before, including at the Independent Counsel's office?

(Pause.)

MR. PORTUONDO: It's a three-page document, but you can answer the question that's pending. And that is, did you see this at the Independent Counsel's office or have

# THICEASSIFIED

67

you seen this before?

(Pause.)

BY MR. LIMAN: (Resuming)

- Q Have you seen it before?
- A No, sir. I mean, a letter like that -- I mean, it has many points with which I am familiar.
- Q But do you recall whether they were communicated to you in writing?
- A In writing, that letter I do not remember seeing it.
  - Q Did you ever receive a letter signed Steelhammer?
  - A Not to my recollection.
  - Q Did you ever receive any writing signed

### Steelhammer?

- A Well, I remember one. I got a little one of these index cards, but I didn't get it from him.
  - Q Tell me what that was.
- A It contained a name, a Cubar-American that wanted to meet me in Miami and gave me his name and a phone number.

### I mean, that I remember.

- Q And when you say you didn't receive it from him.
- A Well, the secretary gave me one time --
- Q Fawn Hall?
- A Yeah, a piece of paper with the name of a person.

I mean, I didn't attach any INCLASSIFIED

# UNGLASSIFIED

68

Q Did you ever see the name Steelhammer written out?

MR. PORTUONDO: As opposed to typed?

MR. LIMAN: Or typed.

MR. PORTUONDO: You just answered that it was on a card.

BY MR. LIMAN: (Resuming)

Q No. He didn't say Steelhammer was on the card. He said there was the name of a Cuban-American on the card. Did you ever see the name Steelhammer on a piece of paper?

A It is possible. Well, I tell you I remember right now I got a phone call at my notel, that Steelhammer had called, so I've seen it, yes.

- O Other than that?
- A I'm trying to think. I just remembered that one.

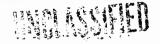
  MR. PORTUONDO: How can you forget a message from

  Steelhammer? If you remember, you'll remind him of it?

THE WITNESS: Yeah, I'll do that.

BY MR. LIMAN: (Resuming)

- Q Did you ever receive any document from Colonel .
  North addressed "My Friend"?
  - A (Nods in the negative.)
- Q If you look at Calero Exhibit 4, instants with paragrams see our that any This rise like is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of



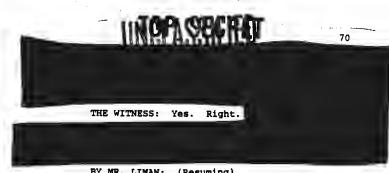


what this letter is about.

Did Colonel North ever send any document to you via a courier?

- A I'm trying to remember if I ever got any document from Colonel North via courier or directly.
  - Q You just don't recall?
  - A I don't recall ever getting a document from him.





BY MR. LIMAN: (Resuming)

- After those paragraphs that have the dashes in front of them, it says: And now the best news of all. Next week a sum in excess of --
  - It's crossed out, too.
- 9 News week a sum in success of 120 mullion will-be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

Do you recall being given that message in substance orally by Colonel North?

- (Nods in the negative.)
- The answer is no?
- No, sir. I don't remember. And the way we got the money, I remember my surprise and my happiness when the person who was in charge of the bank account -- it wasn't me -- told me so much arrived. And for me it was all sort of like Santa Claus, you know.

# MALASSIFIED

71

- Q Were you told, Mr. Calero, that this money would have to be conserved by you to last for some months?
- A No, not for any determined period. As a matter of fact, for me I sort of felt bad when I didn't see any more money coming.
- ${\tt Q} \quad {\tt Well, were you told that no more money was going to be coming after this?}$ 
  - A No, I wasn't told.
- Q Do you remember that by the summer of 1985 this money had pretty much run out?
  - A Yes. But then at the end is when we got the --
  - Q Humanitarian aid?
- A Humanitarian aid. We already had -- I had purchased -- I think I exaggerated the purchase of ammunition.
  - Q You stockpiled ammunition?
  - A Yes.
  - Q And you stockpiled weapons?
- A We spent almost \$20 million, yes, or about \$20 million in ammunition.
- Q When this money ran out, do you recall that it was at about the summer of 1985?
  - A Just about, yes. It coincided --
  - With the grant of the humanitarian aid?
  - A Yes.

### UNRLASSIFIEBT

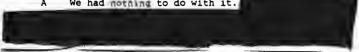
72

- Q Do you recall that after this money ran out the FDN started to receive weapons directly again?
  - A No.
- Q Were you ever told that a group of private benefactors were now supplying weapons directly to the FDN?
  - A No.
- Q Were you ever told that General Second had arranged for the supply of weapons to the FDN?
  - A (Nods in the negative.)
  - Q The answer is no?
  - A No, sir. I'm sorry. I forget.
- Q Were you ever told, Mr. Calero, by Colonel North that he was not satisfied with the way in which you had managed money that had gone into this account?
  - A No. I don't remember it.
- Q Were you ever told that Colonel North had arranged for General Second to assume the management of the procurement of weapons for the FDN?
  - A Well, he had done it for us.
    - Q Who had done it for you?
  - A General Secord had procured weapons for us.
  - Q But you had paid for them.
- A Yes. Also, General Singlaub had obtained weapons for us.
  - Q And you had paid for those?

# UNTEASAT

73

- Α Yes.
- But were you ever told that instead of the money going to you and you then paying Secord or Singlaub for the weapons that they were going to purchase the weapons with funds being given to them directly?
  - Α No, no.
  - Not through you?
  - No.
  - You were never told?
- No, I was never told what you are saying. I was never told, no.
- And were you ever told that an air strip was going to be built
- I heard about the air strip, which I had nothing to do with.
  - But you heard about it?
- I heard about it and I've been asked about it, and I've been trying to think where I heard about it or how I heard about it.
- But, Mr. Calero, the one thing you knew was that you were not paying for the air strip.
  - We had nothing to do with it.



When you heard of this, did anyone tell you where



the money was coming for that?

- A No.
- Q The answer is no?
- A No, sir.
- Q To your knowledge from the time that this money in your account ran out sometime in 1985 until Congress made available money for weapons again in October of 1986, did the FDN receive any weapons?
  - A The weapons we purchased.
- $\ensuremath{\mathtt{Q}}$  Apart from what you had purchased before your money ran out.
  - A Not to my knowledge.
- Q No one told you that there were any kind of air drops of weapons?
- A  $\stackrel{\mbox{\tiny d}}{=}$  No. Well, the air drops of weapons were weapons of ours that were being air-dropped.
  - Q Who was paying for the dropping of those weapons?
- A I don't know who paid for it. Let's see. I remember that I learned about it after it had been established and I remember that I told Colonel North about it. And I remember saying that it was lousy service we were getting.
- Q But you were getting a service for which you weren't paying?
  - A For which we weren't paying.

# UNCLASSIFED

75

- Q But you're an experienced businessman, so you know you get nothing for nothing, right?
- A I am very much experienced in making a profit. I used to be experienced.
- Q Now when you spoke to Colonel North about the fact that you didn't think that the service was good --
  - A I expected that he could do something about it.
  - Q Did you ask who was dropping this out of the sky?
  - A No, no. I did not inquire.
  - Q Did you ask who was paying for it?
  - A No, I didn't ask who was paying for it.
  - Q Did he tell you who was handling it?
  - A No.

MR. PORTUONDO: Wait until he finishes his question, please.

BY MR. LIMAN: (Resuming)

- Q When you complained about the service did he have any comment?
- A He probably did, but I would not remember what it was.
  - Q Did he tell you Secord was handling it?
- A No, he didn't say, to my recollection. He didn't tell me that Second was handling it. I didn't see Second after about the summer or fall of '85. I did not see him again until February of '87. He disappeared from sight --

# WICEASSIFIED

76

from my sight anyway.

MR. LIMAN: Could we take a break for lunch now and then resume? Would you have enough time if we resumed at 1:30?

MR. PORTUONDO: That would be plenty of time.

THE WITNESS: More than enough.

MR. PORTUONDO: Can we ask now if you intend to go --

MR. LIMAN: I think I need two more hours.

(Whereupon, at 12:15 p.m., the taking of the instant deposition recessed, to reconvene at 1:30 p.m., the same day.)





AFTERNOON SESSION

77

(1:30 p.m.)

Whereupon,

ADOLFO CALERO,

the witness herein, having been previously duly sworn by the Notary Public, was further examined and testified as follows:

MR. LIMAN: Would you mark as the next exhibit this document?

(The document referred to was marked Calero Exhibit Number 5 for identification.)

MR. PORTUONDO: Before you go on to the next exhibit, Mr. Liman, Mr. Calero and I have talked over lunch and reflected on some of the questions you have asked him. I think he should clarify a few things. I can go ahead and say it and he can confirm it, and you can follow up on it.

Basically he said in regards to the issue of whether or not North ever told him who was paying for the air service, he told me that he recalled that North had said to him that a private group.

THE WITNESS: But not who.

MR. PORTUONDO: And nothing else. You can go ahead and ask him; if that will help somewhat.

He also recalls in regard to the Clarridge and

## UNELASSIFED

78

North meetings, the does recall a luncheon with Clarridge and North in Rosslyn, Virginia.

In regards to the park issue, he said he has a vague recollection of walking with North in a park.

THE WITNESS: Lafayette Park. I don't know if we met there or if we came out of the place and sat at the park or talked in the park.

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed BY MR. LIMAN:

Q I appreciate your amplification of the record and, as I told you before, I understand we're talking about events that occurred years ago and you've had many, many, conversations with many people. So I'm appreciative of that

On the first point that was just raised, you have a recollection that Colonel North told you that a private group was paying for the air service.

- A Yes, a private group.
- $\ensuremath{\mathtt{Q}}$  . Tell us when the conversation occurred and what was said?
- A I couldn't say when but it was at the time that this air service was going on.
- Q And what was your understanding of the air service? What was it doing?
  - A It was helping us. We always had a logistic

## TACLASGRET

79

problem, always. Today we have the same thing. And they were to deliver stock that we had to deliver inside Nicaragua.

- Q And where were they getting the material that they would be dropping? & Althorn
- A From our warehouses, because they would come to our warehouse and they would take the stuff. I was never there. I never met the people in charge of that.

  Captain Cooper was the manager of the whole thing and he was the person that contacted and spoke to our people down there. And he was the one who would fly the plane. But I never met any of the people.
- Q So you understood that the air service would pick up weapons or munitions that were in your warehouses
  - A And they would deliver them to Nicaragua, yes.
- Q And these would have been arms or munitions that you had already paid for?
  - A That we had already paid for, yes.
- Q Did you have any understanding that in addition to that a private group was paying for an air service to deliver either weapons or munitions that were being paid for by the private group?
- A No. The only thing was that we were short-shipped in the big shipment that came from Europe arranged by

# UNGLASSIFED

80

General Secord. We were short-shipped, if I remember correctly, M-79 grenades, 40 mm grenades.

- O Was that the first sealift?
- A No, no, no. It's the second. We had two sealifts from Secord.
  - Q And so you were short-shipped in the second one?
- A We were short-shipped, yes, and we were short-shipped that, and I believe C-4 also. And I wouldn't know what else. And those things came at some time. It must have been in the late fall.
  - Q Of what year?
  - A Of '85.
  - Q But that's what you had already paid for?
  - A Yes, what we already paid for.
- Q But so far as you know, Mr. Calero, all of these weapons or grenades or ammunition that you received, the FDN received, were paid for?
  - A Were paid for yes, by us.
- Q Were paid for by you. And you have no knowledge of Second delivering you weapons that were paid for by others?
  - A No, sir.
- ${\tt Q}$  The second thing was a recollection that you have of a meeting in Rosslyn, Virginia with Dewey Clarridge and North. Tell me about that.

## [THERALIMU

81

- A Well, it was like for, you know, an old times' sake meeting.
  - Q When do you place the date of that?
- A I would not venture, but it was after Mr.

  Clarridge -- after he had left the service in Latin America.
- Q And was it after the CIA had been excluded from support for the freedom fighters?
  - A Well, when is your date?
  - Q I would put that date as October of '85.
  - A Yes.
  - O October of '84.
- A It was after that date, but I don't know if the meeting was in '85, the lunch was in '85 or '86.
- Q And what do you recall being talked about at the lunch?
- A How things were, you know, how things were going. Like I say, it was more he wanted to know, apparently, how we felt, how things were, the long way we had come. You know, how we had survived and that kind of things -- how we were doing. It was just -- I would call it an old times' sake meeting as far as Mr. Clarridge was concerned, yes.
- Q De you remember Erthing about that meeting the walk that you had with Colonel North in Lafayette Park other than that you walked there?
  - <sup>^</sup>"UNCLASSIFIED

## UNGLASSIPED

82

- Q Were year walking from one place to another?
- A You see, what happened was this. I was probably staying at the Hay Adams because I used to get a place there, or the other hotel I used to stay at at that time was the Carleton, the Sheraton-Carleton. That was right, you know, very close to each other. And the Old Executive Office Building was on the other side of the park, and I was on the other side. So I remember that maybe it was we came out of this Jackson Place and walked in the park.

But I remember talking to him in the park.

- Q Going back to the period of 1984 when the first \$1 million, the first monthly \$1 million, what discussions did you have with any representatives of the United States Government about how you would be able to manage, now that you had to handle the procurement rather than the United States Government?
  - A I find no answer for that.
  - O No recollection?
- A No collection. I meet just got into this.

  As you can see from the items listed there, there were not very many items that we had to get, you know. It was not a very complicated matter.
  - O But you had never bought a weapon before 1984?
- A If you see who we bought weepens from a former delight who I knew before.

# UNCLASSIFIED

83

- Q That is?
- A McCoy. A former general that was introduced somehow by Colonel North.
  - Q That's Secord?
- A Secord. Another former general whom I had met before, General Singlaub. So I was very much afraid of the arms because I had heard a lot about the arms dealers and arms merchants.
- Q So you chose people whom you considered to be trustworthy and whom the United States Government had recommended?
  - A No, no.
  - O McCoy was recommended?
  - A Well, no, McCoy was not recommended.
  - Q I thought you said that you checked on McCoy.

A CONTRACTOR OF THE PARTY OF TH

- A I checked on McCoy.
- Q And you checked on Secord?
- $\ensuremath{\mathtt{A}}$   $\ensuremath{\mathtt{A}}$  and they said nothing against McCoy and Secord I had met.
  - Q Through North?
  - A Through North. So, I mean --
  - Q That was a good recommendation?
- A The fact that they were former American officers was, for me, a recommendation. I was not afraid to enter into this type because I had read a lot about these arms

# UNGASSIFEET

84

dealers that were, you know, not very good people and all of that. But I felt good with these people -- best of all, I'll be very frank, with General Singlaub.

- Q Mr. Calero, did North ever say to you that he wanted you to deal with Second?
- A I don't recollect, but I dealt with Singlaub after I had dealt with North, and there was no objection, I would say. I didn't feel that I was forced to deal with Second, but I felt in a way that if he had helped to get us money, if he had gotten us materials in before, I could, although I felt best, as I say, with General Singlaub -- I mean, I had a lot of confidence, blind trust, in him.
- Q Were there any incidents with Second that gave you any reservation about doing business with him?
- A No. But I did not feel as good, let's say, with him as I felt with, let's say, with General Singlaub. The more contact I had with him, the more I appreciated him and liked him.
- Q What was it about Second that -- you are having a difficult time verbalizing it and it's there.
  - A Maybe his ways, his personality.
- Q I don't know him, so maybe you can describe it, the way he dealt with you.
- A Maybe too self righteous. I don't know. I mean it's one of those gut feelings that one has about people,

# MACFASSIETED

85

you know. So if you compared the two, as I said, General Singlaub and General Singlaub was all heart as far as I'm concerned, and I didn't think the other one was that way.

But -- maybe General Singlaub one time made a remark -- I'm trying to recollect. I don't want to put words in General Singlaub's mouth he didn't say.

MR. LIMAN: Off the record a moment.

(A discussion was held off the record

BY MR. LIMAN: (Resuming)

Q Did Secord ever express to you any dissatisfaction with the way that the FDN was running its operation?

A No, because he didn't know how we were running our operation. But I remember now that he told me, when I told him that I was going to buy some rifles and some things from General Singlaub and I told him the price -- not from General Singlaub. General Singlaub had friends that were going to get them for us, and I told him the price. He told me, well, he's never going to be able to deliver that. He said something like that. He won't deliver or it's impossible.

- Q The price was too low, according to Secord?
- A Yeah, the price was too low.
- Q Did you ever have to negotiate price with Second where he came in at one price and you negotiated it down?



## UNGEASSIFIED

86

- A I would always try and get better prices.
- Q Did you ever succeed or did he give you a fixed price?
- A Most of the time I would say he would say he would try and get a better price, and I believe he might have in a few items.
- Q Let's look at this schedule, Exhibit 5. Have you ever seen this before?
- A I believe, if I remember correctly, I wrote this longhand. That's what I referred to.
- Q ... and this is the document in longhand that you gave to Colonel North; am I correct?
  - A I believe so, yes.
- Q ... And I will tell you that this document was typed in Colonel Monthly office. That a subject 5.

I'd like to review it with you. The first heading is independent acquisition. Does that refer to the items that you acquired through Mantin?

A Yeah. These items were acquired through Martin, the rounds and the magazines, I believe. Let me see. Where did I get those? That must have been it. But the rounds were hand grenades came to us, and the -- I mean, it

was a very close figure to but apparently I just rounded.

# UNCLASSIFIED

87

- Q G-3s, they came to you? They were delivered to you?
  - A To us, yes.
- Q And if we look down to the next item, it says airlift number one, February 1985. Now, do you recall from whom you got airlift number one?
- A This was airlift number one, airlift number two.

  Apparently there are only two airlifts here, but I believe there were three, but it could be only two. Or maybe two as of April 9. Those were Second.

See, what happened was we were waiting for the order that took a long, long time and delayed immensely, and we came to a point where we couldn't and we needed urgently

- Q Now those were obtained from Second. Sealift number one, which is an April arrival, do you remember where you got that?
  - A That's
  - Q And that was from Second also?

ammunition. And so we got these two airlifts.

- A Yes, Secord. Yes, sir.
- Q Now was semilift number one negotiated with Second in the summer of 1984?
  - A Sealift number one?
  - Q Right.

# UNCLASSIFIED

88

- A Oh, yes, it must have been negotiated sometime in
  - Q In August?
  - A Yeah.
  - Q Was that your first transaction with Second?
- A That was the first transaction with Second, although, of course, coming from a shorter distance and by air the other transactions, the airlift came before the sealift.
- Q And that's because the sealifts were slow in arriving?
  - A We used to call it
  - Q And sealift number two also came from Second?
  - A Also came from Secord, yes.
  - Q And what was the origin of those weapons?
- A It was various origins. As you see, HK is German, Hauklan and Koch, AK magazines are Iron Curtain. The GIP-3 rifles are German. The M-79 grenades are U.S.
  - Q And where was the ship coming from, do you recall?
  - A I have no --
  - Q Was this a European ship?
  - A That's what I was told.
- Q Now if you look at this schedule, the items airlift one, airlift two, sealift one and sealift two are

# UNICASSIPEGT

89

### all Secord purchases, correct?

- A Yes, sir.
- Q And then the first one is called independent acquisition. Do you see that?
  - A Yes.
  - Q Was that word "independent" your word?
  - A I don't recall if it's my word or not.
- Q Do you know why you would refer to that as independent?
- A No, sir. I don't know if that is my word, if I put that down or not. This was taken off from something handwritten by me.
- Q Now there was also a scalift of material that came from Singlaub, right?
  - A Through.
- Q Through him. I'm not suggesting that General Singlaub was the principal. He --
  - A Arranged it.
  - Q Arranged this. And when did that come?
- A That came, if I remember correctly, right after this other one.
  - Q Right after the May one?
  - A It must have come in July-August.
  - Q And where did that come from?
  - A That came from



# UNCLASSIFIE BT

90

|      | Q     | So you   | were a | ble | to g | et we | eapo | ons a | nd ammuni | tion |
|------|-------|----------|--------|-----|------|-------|------|-------|-----------|------|
| from | 1     |          |        |     |      |       | fı   | com   |           |      |
| and  | from  | Western  | Europe | to  | help | you   | in   | your  | struggle  | with |
| the  | Sand: | inistas. |        |     |      |       |      |       |           |      |

- A And the easiest thing to do is to get weapons because they are anxious to sell.
  - Q To get the hard currency?
- A To get the hard currency, yes. And the same thing. I was invited to but I was afraid.
- Q I don't believe that you are afraid of anything, given the difficulties you've had to go through.
- A But they are unnecessary risks that I'd rather not take.
  - Q Was the person who invited you to go
- A No, no. I don't remember. Some man. I wouldn't remember his name.
- Q While we're still with this exhibit, as I understand it you used the money that had come into your account to purchase these weapons as well as to provide for the maintenance of the troops and the organization during the period of the cutoff.
  - A Yes.
- Q And you bought more weapons than you immediately needed in order to stockpile them?



# UNCLASSIFIEDET

91

- A Yes, in order to have sufficient amount of weapons, and the last purchase I made was more on account of the fact that it was such a good price that, you know, I wanted to take advantage of it.
- Q And that was the purchase that was arranged through General Singlaub?
  - A Through General Singlaub, yes.
- Q And did you at any time after you had completed these purchases and before the United States Government funding got turned on again in the fall of 1986 ever ask Colonel North to arrange for more purchases of weapons?
  - A No, sir. He did not arrange for these purchases.
- Q Did you ever ask him to arrange for any purchases of weapons during that period after you had run out of money and before the government funding got turned on again?
- A No. I mean, I remember discussing with him the need to the helicopters were really -- the beginning of September of '85, August -- well, August or September of '85 -- the Sandinistas began to make heavy use of the helicopters, of the MI-24s.
  - Q Those are the Hinds?
- A The Hinds, yes. So we talked a number of times about ground-to-air missiles, the need we had -- you know, how urgent that was -- but we just talked.



# **TOPLASSIFIED**

92

- Q Did you ask him to help you get them?
- A Well, I must have. I must have. I don't remember how I worded it, but I must have. I told him of the urgency of our need, of the necessity of those things.
  - Q What was his response?
- A I'd sure love to. I wish you had them. I'd sure love to be able to do something.
  - Q But you didn't get them?
  - A No, we didn't get anything.
  - Q Did you ever discuss it with Secord?
- A No, because, see, I didn't see Second from that time on, until I found him at the Independent Counsel. I discussed -- the one that I discussed this more with was with Martin, whom I had met, and he did try to get them for us, but it was very, very difficult.

I talked to General Singlaub about getting groundto-air much but then we had no money. And I remember
that the package -- these and we were more
interested in the blowpipe. The SA-7s are heat-seeking and
we had been told that the Hinds had these heat deflectors.
So, you know, we were thinking about blowpipes. But the SA7s, I remember, cost at the time some figure that was
quoted. And then I got quotations, I got letters from all
sorts of dealers -- \$160,000 for three state of the art,
they would call them, start of the art, the latest Soviet



MACIASSIFED

93

ground-to-air missiles -- three missiles and one launcher. \$160,000.

So that was a lot of money and we didn't have money then. We didn't get any more money after that.

- Q After the money stopped coming did you ever ask Colonel North why it had stopped?
  - A Well --
  - Q Or anyone else?
- A I'm working from memory. See, you have to know my personality. I wouldn't come to anyone and say, you know, give me money. I mean, for me it's very difficult to do that. I must have said, my God, I wish we were getting help. I mean, we're not getting help. Nothing has come. Maybe that was my way of asking. Then General Singlaub, I remember, at some point took a trip and I was more relying on maybe that General Singlaub could do something, took a trip to and talked to friends in
  - that he had, very good friends
    - Q And
    - A And But he wasn't given the support.
    - Q Support from whom?
    - A The support from his government.
    - Q Which government?
    - A From this government, the U.S. Government.
    - Q He told you that?

# THINCLASSIFFED

94

- A Yeah, he told me he was not given support, that he had talked to his friends and everything, but they would wait for some kind of a signal, which apparently they didenot get. And that's why he was not successful in getting the money.
- Q Did General Singlaub ever tell you he was being cut out?
- A Well, I remember that General Singlaub told me that he had been told by Colonel North to stay away from him.
  - Q To stay away from whom?
  - A From Colonel North. That I remember.
  - Q Did he tell you why?
- A \_ Too much high profile or something. I would not recall exactly, but he told me this. He told me I haven't seen Ollie in months.
- Q Did he ever say to you that North preferred dealing with Second?
- A No, no. I don't remember it being put in those words, no.
- Q You didn't see the two as rivals for supplying the liberation forces?
- A No, no. I did not see the two as rivals. And, as I say, I'm buying from one. I went and bought from the other, and I felt that I had absolute freedom to do that.

# IINCLASSIFIED

# HACT-VESTELED

95

And I would not know if they were pleased or not pleased, and I didn't ask.

- Q But chronologically at least after you bought from Singlaub the money stopped -- chronologically at least.
  - A Yes, chronologically. Chronologically it stopped.
  - Q Now I'm going to ask you to search your memory for what you thought at the time. Did you associate the end of the funding with the fact that you had done business with Singlaub?
  - A No, sir. I did not associate it because the last money I got was in March and Singlaub, I started dealing with him maybe in May, June -- May I think it was. Was it in May?
  - Q Our first record of payments to General Singlaub for shipments that were arranged by General Singlaub would have been \$2 million. And then --
    - A Three million three?
    - Q Three million three in May.
    - A Well, that's it.
  - Q And on that the reference is "to be picked up by Claude". Do you know who Claude was?
    - A No. That's expecting too much from me.
    - Q I didn't know whether that was a code name.
    - A Well, it was for them. This was done this way.



## UNDLASSIFED

96

You know, they gave me an account number and the indications, and I would order my lawyer friend to send money to such and such a place, and that was it. But now that you mention it is the first time that that has come up.

- Q Were you purchasing for just the northern front or also for the southern front?
- A Well, we did not purchase for the southern front as such, but we supplied the southern front.
  - Q With money?

177-

- A With money and with ammunition and weapons. We made a few flights. They are filmed. One air drop is filmed. There was more propaganda in the south than we were.
- Q Let me go back to some documents. Over the period of the account we notice that there were payments of some



- Q And that was for the southern front. Your account also indicated that there were travelers checks totalling some What were they for?
- A The travelers checks we used to send -- first before we got this thing rolling, before we made contacts that would make transfers through accounts in the States and delivery we would do most of our business



127-

### UNITASSIFIED

97

through travelers checks, and we would do a lot of the purchasing with travelers checks, too.

But then we started to use -- see, we had a currency broken who had a bank account in the States. We did it through various ones. Then we would deposit in the States and they would deliver in at the parallel rate, which always higher. And then travelers checks we used for -- it was a very convenient way and we were not charged for them by the bank.

- Q When did you last see Oliver North or speak to him?
- A Late October or the first of November that I saw him. And then I went and on my way back in Miami I was ambushed, as I said, by a crowd of reporters who, you know, said what do you say about the gun money.
  - Q About the diversion -- so-called diversion?
  - A The diversion of money, about Colonel Poindexter resigning and Colonel North being fired. And that was very shocking to me, really. That night, after I went to some newscasts and everything, you know, because they were all after me, I came home and I called Colonel North at the National Security -- what do they call it -- SIGNET?
    - O SIGNET?
    - A SIGNET, right, which was a very easy number. I

### UNCLASSAFED

98

recall it to this day -

.....



Q And what happened?

A And he answered the phone and I said, Ollie, I'm shocked to hear what's happened and I feel very deeply and I pray to God that everything will turn out all right. And I don't know of any money. And he said, well, thanks buddy -- he used that word, "buddy" -- thanks, buddy. Things will come out all right and God bless you. Via con Dios, he would say all the time, via con Dios. And then that's the last time I have talked to him.

I've been told that I could see him or talk to him because it's not against the law, but I have not done it.

Q Did you ask him in the conversation about this socalled diversion of funds?

A I said, I don't know anything about this. I told him I didn't know. I didn't ask. I said I don't know about anything. I haven't gotten all the name that they say I got. I haven't gotten any money since

- G -300mt 96-185 ... 4-2
  - I had gotten si mailien.
- Q Right, but not big money.

A Not big money, no nothing. And I don't know what he said, but he was not very talkative. I imagine he must have been -- and he said, you know, everything will be all right. This is crazy, all this money. And I believe he

## UNGLASSIFED

99

used these words: this is all crazy. Or something like that.

And then he said things will be all right and via con Dios, or something like that. And I don't remember exactly.

- Q Did you ever meet Admiral Poindexter?
- A Yes. I met Admiral Poindexter. First, he came into Mr. Forth's office one time when I was there, I believe.
  - Q When?
- A I don't remember. And then when I saw the
  - Q When was that, what year?
- A was aw the President the first time in April, I believe. It was in April '85.
  - Q What was the meeting about?
- A He met with the resistance, the Nicaraguan and it was a protocolary thing, I would say. And then we make him again after the vote when he told us --you know, it was a pep talk.
  - Q This was the vote --
  - A The vote that we lost.
  - Q The vote that cut off the funds in 1984?
- A No, no. I never met -- in 1984 I never met the

## UNDLASSECRET

100

too sure. And then I think we lost the vote -- no, no, when we lost the vote in 1986, because soon afterwards we won the vote.

- Q This is when the House first voted against?
- When the House first voted against. Α
- Against the aid.
- It was almost a public meeting, you know.
- Now Poindexter was at one or another of these meetings with the President?
  - Yes.

. , , , - +

- Did you ever have any discussions with Admiral Poindexter?
- No. I don't remember having much of a conversation with Admiral Poindexter, no. I don't remember ever seeing him alone or anything.
  - Did you know Mr. McFarlane?
- Mr. McFapiene. I believe the first GUATERNAL time 1 m. Carlot with him. nd I had about a 20-minute time I met him wa
  - Was that in 1985?
  - No, 1984,
  - And was that when he made a trip just before the inauguration of the President for the second term? Do you remember that, January of '84?
    - January of '84? I don't remember when it was. I

# UNCLASEURED

101

### remember that he was

. . .

- Q Do you remember what he said?
- A I did most of the talking. I mean, I remember him as a very tight-lipped man, not very talkative, and he wanted to know how things were. And I told him. I explained to him our situation and our position. I think that must have been sometime in --
  - Q It was in January of 1984?
  - A It was in January?
  - Q Yes.
  - A He was not there after.
- Q Did you also meet him after? I know you mentioned January of '84. How many times did you meet him
  - A Once. I only saw him once.
  - O January of 1984?
- A I met him in January 1984, and then I saw him again here once, twice, three times. When we saw the President the first time he was there. Then I don't know if I met him before or after I met with him.
  - O Did you talk to him about getting more funding?
- A I talked to him about our needs. Definitely I must have told him our needs. Oh, yes. But that was -- let's see, I'm trying to think if it was in both meetings. I'm trying to remember when. You see, I must explain to you



... +

### UNULASSIFIE

102

so you know my situation, that I never kept -- you saw my appointment book. You know, I started writing in it and then I just let go on it and never wrote another, and then for one year I didn't buy a memorandum again.

- Q Did Mr. McFarlane ever talk to you about arranging for funding for the Contras?
- A I have read. After that I have read that he had something to do with or something, that he had been offered something, but I am trying to think. As I say, I found him not very talkative and he would listen. Maybe he did say in that January meeting, you know, we will see what we can do or something like that. But I don't remember any exact. I would be putting words in his mouth if I told you that he told me this and that or if I left a meeting with him real happy, I would remember it.
- Q And you do not recall any separate meetings with Admiral Poindexter, as I understand it.
  - A No. I do not recall any.
- Q And in your meetings with the President of the United States, these were meetings which were group meetings?
  - A Group meetings, yes, sir.
- Q And those were meetings in which he pledged to try to get support for your cause?
  - A Yes, vital support. He asked for it.

سر الأوار

### **LINGLASSIFIED**

103

- Q Let me go back to November of 1984, which was right after the Boland Amendment ended U.S. aid. Do you recall telling any United States representative at that time that the had ceased to support the FDN?
- A No, because they never supported us before. In
  - Q Yes. Had they provided any tachnical support?
- A No, sir. I remember talking to a man named

  I think his name is one you have a copy of; he was the

  for Central America -- and

  asking him for help, and he said well, we'll see. You know,

  it's a difficult situation

But we'll see. Maybe with medicine we can start, but we never got anything from them.

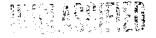
I ATA YOU ever transplant any belo from

over there and said, you know

This thing can be

done again, et cetera, et cetera. And then he said I don't know what we can do.

Then one time he called me back. I don't know precisely the dates. He called me -- yes, he called me in, I believe it was, '85. No, in '86 he called me, in April of



# NGLASSKED

104

'86. I remember because in April of '86, I will never forget, that's when we had our internal problems. And he called me to come to Washington. I was very enthusiastic and when I came to Washington he told me he was about to retire and that he was going to set up a company and wanted to do business.

So I said, okay, sir, we'll take anything on credit, you know.

- $\ensuremath{\mathtt{Q}}$  You should have shown him your bank account at that point.
- A And then he said, well, that's very difficult and I think we would require letters of credit. So it came to an end.
  - Q Let me ask you, let's go back to November of 1984.

Do you recall learning in November of 1984 that the Soviets had delivered the Hind helicopters to the Sandinistas?

- A Well, I recall talking about the Hinds arriving, you know.
  - Q Do you remember talking to Colonel North about it?
    - A Oh, yes.
- Q Do you remember telling him that you were upset that the CIA hadn't warned you that these helicopters were arriving?
- A Well, I complained many times -- I don't remember if it was in November -- that we would get no help from the

# TOBNCLASSIFIED

105

CIA and that the CIA only served their own purposes and that they would want to snoop on us and try to find out what we were doing and what we were thinking even, and that they would give us no help at all.

And I remember complaining, but I don't remember the times that I did, nor do I remember when I did it.

- Q Am I correct that the reason that you would communicate this to Colonel North is that he appeared to be sympathetic to you?
- A Yes, he was definitely sympathetic. I don't know if you know Colonel North, but he seems to be -- he's a very dedicated person. He has a warm -- I mean, you know, you can't help liking him and appreciating him. And he was very sympathetic, yes. And he would have ears for us, you know, for our crying, I would say.
- Q Did you ask him to provide you the any intelligence so that you compare troy these helicopters?
- everybody knew were the Manager pecause people would see them there, and we knew they were there, and we knew that they were building the airport in Punta Wette and that when that airport in Punta Wette was built that had underground storage that they would be transferred, and that the best thing would be to destroy the helicopters on the ground like the Viet Cong used to do.



106

But we didn't have the expertise. Yes, we talked.

- Q Did he provide you with any intelligence on that?
- A That's difficult. I will tell you one thing, sir.

This I know for a fact, that we never did, we never did any military action -- because I don't know what intelligence is and I don't know what general knowledge is in many ways, and I don't know what's sensitive. I don't know what is not sensitive. I mean, I couldn't judge that.

But I can tell you one thing. We never took any action on account of any information provided by Colonel North, whether it was intelligence or just plain information or just --

- Q Did Colonel North ever tell you that he couldn't help you in any Tequest you made because of United States law?
- A He would see was always on the edge. I remember he didn't use that word, but --
  - O You mean U.S. law?
  - A Yeah, that's what he referred to -- being --
  - Q On the edge?

age to the state of

A On the edge. In other words --

MR. PORTUONDO: Walking a tightrope?

THE WITNESS: Yes, walking a tightrope or, how would I put it -- that he was conscious of a law and then he was trying to --

# UNCLASSIFIED

BY MR. LIMAN: (Resuming

- Walk right up to the edge?
- A Yeah, that was my -- I mean, I don't know in what word he put it.
  - Q But that was the substance of it?
- A Of what he said. I mean, he could have made that comment a few times.
- Q What were the occasions on which he made that kind of comment?
- A I mean, he made it, I don't know, a few times -three, four times, or five. I don't know.
- Q But what kinds of requests by you would provoke that kind of comment?
- A You see, sir, again I did not come up and say give me this or give me that or do this for me. I don't remember. I just explained our situation, our problems, our quest, and there are many ways to skin a cat, like you say, and there are many ways people have of expressing themselves. And I have never been one to go and extend a hand and say give me, give me.

So maybe the way I talked, I don't know if you can gather anything about me by the way I talk here. I mean, I try to cooperate. I try to tell you the truth as I remember it. I will not say something I don't remember or that I cannot recall as a fact. But each one has a way of

UNCLASSIFIED

107

# UNCLASSIFIEDT

108

expression. Maybe because my father was a writer I tend to go off.

- Q Do you remember any kind of statement you made that led him to say I'm on the edge?
- A Maybe any kind of a statement he said. Right this very minute I'm not able to.
- Do you recall at all in the end of 1984 that had stated that it would not go forward with the arms sale that had been arranged for you?
  - A There were difficulties involved.
  - Q Do you remember what those difficulties were?
  - A No.

4 8 m

- Q Do you remember that the shipment was supposed to be 10 did not want to send any weapons
- A There was something about The ship did
- Q But do you know who arranged to overcome those obstacles?
- A No, sir. I only dealt with General Second on that. I remember some talk with General Second about the end users. The end users were necessary only for a few of the items, and I don't



109

know, I don't recall if he did provide end users from some other place because weren't, or if the ship had to go to another place or was routed to another place and then diverted. I don't remember that.

- Q Do you remember being asked to pledge to recognize

  You gained power in Nicaragua?
- A No. I wouldn't have done it. I don't remember.

  I mean, I'll tell you one thing. If it takes an offer like that, you know, a political offer which one not necessarily has to comply --
  - Q You would have done it?
- A It does represent something for us. I mean, then, you know, politicians make lots of offers.

(Laughter.)

MR. PORTUONDO: Present company excepted.

MR. LIMAN: Let the record reflect that there's no comment.

 $\mbox{ \begin{tabular}{ll} SENATOR HEFLIN: & You're speaking of the Executive \\ Branch. \end{tabular}$ 

(Laughter.)

BY MR. LIMAN: (Resuming)

Q Did General Singlaub ever arrange any meetings for you with to get arms?

A I never met an

I met

I forgot to tell you before, when I talked



about I met here

110

I visited

- Q Who arranged that for you?
- A I went to
- Q Was that arranged by General Singlaub?
- A No, no. I went to myself. I went there myself and I identified myself to him.
  - Q Anything come of it?
  - A No. You would have seen the money reflected.
- Q Now you talked before about getting blowpipes to deal with the helicopters that the Sandinistas had just received from the Soviet Union. Did you ever make a trip to

A Yes. At one time I was and another difference them to the work of the work o

- Q Blowpipes?
- A Yes. They were going to give us the projectiles and selection because In the blowpipe the lammaer is more expensive.
  - Q Do you remember they were asking \$15,000 each for

TOP SECRET

111

the launch

1.17 -

A I think it was more. I think it was \$25,000. And so I went you know, to see what this thing was. I was

- Q What happened
- A Well, I didn't see anyone. The one who had offered it to this other officer of the FDN was away.
  - Q So nothing came out of that trip?
  - A No. I mean, I made a deal with
  - Q Who?
- we were going to buy stuff and he was going to supply some of it, and some of it would come from the government manufacturing plant there. And I even sent some money to
  - A No, in But then the whole thing fell
- through and so I didn't buy anything from
  - Q Did you get your money back?
- A Oh, yeah. We ordered the money -- we didn't get it back, but we ordered that the money had received be sent to another Swiss bank for a Second payment.
- Q How much money did you send to the accounts?
  - A I don't know if it was \$600,000 or \$300,000.



WIRE A STREET

112

- Q Do you remember when that was?
- A That was in December.
- Q December of '84?
- A Yeah.

.....

- Q And who introduced you to
- A When I came here --
- Q He was in
- A He was in . This FDN man had already made
- all those visits.
  - Q How does he spell his name?
  - Q And what nationality is he?
- Q Now do you recall discussing with Oliver North any of the problems in trying to get blowpipes
- A I told him about the trip. I told him about had offered. As I told you before, I used to tell him everything, so I told him about this.
  - Q Do you recall any discussion with him about the fact that needed to get the permission of the British in order to supply the blowpipes?
    - A Oh, yes.
  - Q Did you ask him to see whether or not he could get you permission from the British to buy the blowpipes?
    - A Well, I don't know how I put it, but I remember

# UNCLASSIFIED

113

asking him what could be done about that.

- Q And what did he tell you?
- A We'll see or we'll try, or, you know, we'll try. We'll do something -- something like that.
- Q Was there anyone else in the United States

  Government to whom you reported the way you reported to

  Oliver North?
  - A No.

1000

- Q Why was it that you were reporting to Oliver North?
- A Because he was the one, he was the man with whom we could talk. I mean, there was no one else that we could talk to in the government the way we could talk, freely and feel good about it.
  - Q Because he was sympathetic?
- A He was sympathetic and he was open to listening to us and he always seemed to have time for us. And I didn't know anyone else besides.
  - Q Did you deal with at all?
- A That began in -- I don't remember. His name is to us. And I didn't feel the same response:

# UNCCAS SIETEBET

114

ů

Did he ever provide you with any assistance,

- No. He was very, very -- how would I say?
- Q Wavering?
- A No. You know when something's going to hit you you go like that --
  - Q Evasive?
- A Yeah, that's the work A. I didn't feel that talking to him would get us anyplace. But here again he was more interested in knowing everything we were doing but more for his information, I could tell, rather than for using that for us, you see.
- Q What about Elliott Abrams? Did you have contact with him?
- A I don't remember when my first contact with Abrams was. According to the press, he's not my friend. But I don't remember when we began dealing with him. I met him a few times and our meetings had to do more with the international diplomatic aspect of things. It was always group meetings. Well, I had a section with him, the only meeting was in January, I believe, or February I met alone with him one day.

115

- Let's move to another subject. Do you remember anything about a ship called the Monisho?
- Is that the one we were supposed to blow up on the high seas?
  - Or at least seize.
- I read about that. To tell you the truth, sir, I don't remember speaking about.
- Do you remember any ship that was coming from Taiwan with Iranian armaments to be delivered to the Sandinistas?
  - Α No.
  - Did Oliver North --
  - A What I told Oliver North -- what we were talking



Oliver North didn't ask you whether or not you'd

INGLASSIFIED

# UNCLASSIFIED

116

be willing to put up the money for an operation to seize a shipment of arms from Taiwan?

A I don't recall. One time we were offered -- I will tell you why I have problems and you will laugh at this one, too. One time a fallow from Malta who lives in California someplace came to me here in Washington with a proposal for me to send 300 of our men to take over Malta and that he would give me \$50 million after the operation. So you hear all sorts.

Q I'm going to show you seem them before. Would you mark these as the next exhibit?

(The document referred to was marked Calero Exhibit Number 6

for identification.)

- A I don't remember exactly these, but I have seen -
- Q You have seen end user certificates end user certificates?
  - A Yes.

بسر المدار

Q Did you ever give Oliver North copies of

end user certificates?

- A I don't remember. I remember sending end user certificates to the remember.
  - Q In Virginia
  - A In Virginia.

TARLESSAFED

117

- Q And what were the circumstances of sending end user certificates?
- A To cover shipments of weapons and I believe I sent some directly
- Q Do you recall in June of 1985, which is after your last sealift from Second, having a meeting with Second and Tom Simes in Oliver North's office? Did you ever meet Clines?
- A I met Clines, but my recollection of meeting Clines is at the time between the airlifts and the sealifts, but my recollection of meeting Clines is at the hotel Carleton with Second. That's my --
  - Q What do you recall talking about with Clines?
- A He was apparently, to me apparently was Second's man over there, you know.
  - Q In Europe?
  - A In Europe, yes. And we didn't talk --
- Q Did he tell you that Clines was the person who had helped to arrange the purchase of the weapons that you were getting from
- A That was his associate, his something-or-other. I did not have very much to do and I don't remember if I met Clines again or not.
- Q You have no recollection of a meeting in the office of Oliver North?

## **Павоналнот**

118

- A No, sir.
- Q With Clines?
- A I have no recollection of meeting and I believe -- I mean, I was asked that question before.
- Q You were asked that at the Independent Counsel's office?
- A At the Independent Counsel, and I said I remembered seeing -- that I did not remember seeing Secord at North's office, but I did remember seeing Secord and North in the CNF meeting in Falm Beach.
  - Q A CNP meeting?
- A The Council for National Policy meeting -- the CNP -- in Palm Beach.
  - Q When was that?
  - A I don't remember. I have been to about six of those meetings, you see. It was maybe two years ago -- maybe a year and a half ago. I don't remember, sir.
- Q You probably have been asked this by the Independent Counsel, too, because you've been through this now several times. Do you recall in November of 1985 being told by Oliver North that an airlift of ammunition was going to be delayed because Second's planes were angaged in other activities?
  - A I've been asked that question before, and I've said no, I don't remember. I've read about that. I've read

# JARLASSAFED

119

about it.

- Q You saw it in the Tower report?
- A I saw it in the newspaper. I haven't read the Tower report. I haven't got a copy of it yet. Maybe I can pick one up here. I read about that, but I don't remember because we weren't getting anything else.
- Q At that point, in November of 1985, as far as you were concerned, you had your stockpile of weapons and ammunition?
  - A Yeah, and we weren't getting anything else.
  - Q You had no money to buy any more.
- A Um-hum. The only thing that was concerning as in November of . 85 was the factor ground-to-air missiles.

  That's all I felt we needed to be able to carry on.
- Q Did North ever tell you that Second had bought a ship for the Contras?
  - A No.
- Q Did he ever tell you that he had bought four planes for the Contras?
- A I remember telling North about the small planes that we got. I don't remember if there were three. And then I remember seeing the CBS movie or newscast. It showed Secord as being the one who bought them, and I remember then talking to General Singlaub about the small planes, and we weren't very happy about the small planes because, you know,





120

they were very weak things.

. . . . - +

- Q Who paid for the planes?
- I don't know, sir.
- Q Well, you had an impression that these planes belonged to you; am I correct -- to the FDN?
- A Those planes were delivered. I never received them, of course.
  - Q But they were delivered; am I correct?
- A They were delivered by the son of Mr. Mall, who has his manufacturing plant.
  - Q And where were they delivered?
- A They were delivered -- as far as I know, they were delivered but I don't know exactly in which location.
  - Q And was that in 1986 or 1985?
  - A I don't remember, sir.
- Q Do you remember that you didn't pay for those planes?
- A I remember that we didn't pay, and it was just, you know, a private donation.
- Q And you thought that these planes had been donated to your cause, correct?
  - A Donated to our cause, yes.
- Q And later you were told by someone that these planes belonged to Secord?

#### UNCLASSITED

121

- A No, no. I saw in a newscast. They say that he had purchased them, that he had purchased at least one or two of them.
- Q But do you remember any argument about whether he could take those planes back?
  - A No, no. I never had any argument.
  - Q What was your conversation with Singlaub?
- A Well, General Singlaub said that those weren't the best planes for what we wanted them, you know, that they were not very sturdy.
  - Q Did you ever discuss those planes with North?
- A I told him -- when they arrived I told him that those planes had arrived, and he said, okay, fine. But I don't remember any conversation. They were very cheap planes to begin with. I mean, they were no big deal.
  - Q Was there a C-123 also that was delivered?
- A No. The C-123, what I heard was in connection with this air resupply operation that began in April of 1986, April '86 -- the Hasenfus operation.
  - Q And that's when you heard of it?
  - A Yeah, because I was traveling a lot and I never dealt with Cooper.
  - Q And who did you understand was paying for that Cooper operation?
    - A A private group. That's what I was told.

## UNTORSSHOPET

122

Q And who told you that?

177-

- A Colonel Worth told me a private group.
- Q Did you ever hear them referred to as private benefactors?
  - A Well, maybe private benefactors.
  - Q Did you ever hear the term "Project Democracy"?
  - A No, I never heard the term.
  - Q Did you ever hear the term "Udall Corporation"?
  - A No, sir. I've read about those things afterwards.
  - Q Was there any delivery in 1986 to the FDN from
  - A No, sir.
- Q Did anyone ever tell you that there was a shipment of ammunition and weapons from that was going to be delivered in 1986?
  - A No, sir.
- Q Mr. Calero, I will tell you that there are references in various things that have been written by Colonel North to this private supply network. I'll read you something now: There are several million rounds of most types of ammo now on hand and more than \$3 million worth on the day by ship from Critically-needed items are being flown in from Europe to the expanded warehouse facility at Boots, uniforms, ponchos, et cetera are being purchased locally and Calero will receive \$500,000



11 =

### TRUCASSIFED

123

for food purchases by the end of the week.

- A We received one time \$500,000, but that was in -you have the record. Intel. In there was a
  warehouse I haven't been to in --
  - Q Who was paying for what was being shipped there?
  - A The NHAO. You see, toward the end of
  - Q Are you talking about when was not willing to accept any more direct shipments?
  - A Yes. So a lot of stuff went to And I know -- I think NHAO paid for a warehouse in
    - Q But that would be for boots and not for weapons.
  - A I don't know about it. I know that some shipments went to but, I mean, I have no check on that. I have no record of that.
  - Q As you sit here today can you think of any conversation in which you were told that General Secord was now going to take over the supply of weapons for your organization and that you were no longer going to handle the purchases?
  - A No, sir. I was never told that, and if that was in some people's mentality or mind, I mean, I was not told that.
  - Q Mr. Calero, are you aware in 1986 of any purchases of weapons or other equipment for your organization or for





124

UNO by General Secord or his organization amounting to about \$30 million?

A Sir, I could tell you that I couldn't be aware of a small purchase, but a purchase like that I would definitely have to be aware, and I am not absolutely aware of any such purchase having been done or any such purchase having been consulted with me.

- Q In 1986 what was it costing a month to maintain your forces?
- A It reached real heights on account that our forces came out of Nicaragua and was over \$1 million a month -- way over.
  - O \$1.5 million?
  - A \$1 million-something. I can check it.
- Q Where was that money coming from? Was that NHAO money?
- A Well, the NHAO money went from July -- the NHAO money began -- no, it went from September '85 to more or less -- it extended. There were some payments into -- there were small payments even in July or June-July of '86. We ran up a debt of \$1.9 million, almost \$2 million between July of '86 and November -- July and October, when the \$100 million -- the last week of October the \$100 million began to operate.

We still have that debt. And then we picked up

IINCLASSIFIED

# TOP SECRET

125

Q Miller?

some money,

- A Miller, yes. Channel Miller associated things. And that's how we kept alive. And then we had made a differential, a profit on a differential exchange, an exchange rate differential, which we reported to the NHAO, and which is reported and accounted for.
- Q Mr. Calero, were you consulted about whether or not \$27 million was what was needed for this humanitarian relief project?
  - A I don't remember.
- Q You don't know whether or nor that figure was derived from discussions with you?
  - A I don't remember how it was arrived at, no.
  - Q Were you able to spend the full \$27 million?
- Well, we did not spend it all, of course, but that was ly by -- I mean, mostly in reality it was managed by the Nicaraguan Humanitarian Assembly Office.

  We would receive the stuff and they would pay for it either through brokers, for those who didn't have dollar accounts in the States, or directly to suppliers who had accounts in the United States.
- Q Was that money sufficient to meet the maintenance needs apart from weapons or ammunition of the organization until the summer of 1986?

## MACIASSIETED

126

- A Yes. The quality of the food was greatly improved.
- Q So you weren't in a position, as I understand it, in the winter of 1986 of saying we don't have money to feed our troops?
- A Oh, yeah. I was in the position, yes, because the NHAO money was ending and we didn't know where or when.
- Q But that would be after that money, but during the period that you were getting it you were able to feed your troops?
  - A Oh, yeah.
- Q Now you were saying that you will need money after that money is going to stop.
- A But we had family support to give to our men, you see.
  - Q And where were you getting that money from?
- A The family support came mostly from the money from Channel Miller and money that had been made on the exchange differential.
- Q And was there any other source of money? Did you get any money from Second?
  - A No, no.
- Q And you still had ammunition and weapons left from what you had managed to squirrel away in 1985?
  - A Yes. And then at one time we got a \$75,000



11 "

### WESTONELL

127

donation. I don't exactly know where it came from. We got \$50,000 from phone calls that I made. And that was paid to and that money had been sent to Ann Scott, no, Ann Stone. And \$75,000 that checks that were made did not pass through our account, checks that were paid directly to the

- Q Did you ever ask the NHAO office to provide you with funds to hire Mr. Owen as a consultant?
- A We sent a letter which was signed by the three directors of UNO recommending Mr. Owen.
  - Q What led you to do that?
- A The fact that he knew our operations and he had visited with us a lot, with the Indians, with the people in the south and with us.
  - Q You had testified to one meeting with him when you decided not to hire the organization.
  - A Not to hire Gray Company. But then we felt that Owen on his own -- he left Gray and he came to me and said, you know, he could help us out and we did use him as a sort of -- he knew a lot of Congressional people. He had been a Congressional aide and he could help us in the effort of meeting with Macomb. Congressional Macomb, and around his office there was some kind of medical money available and he helped us out on that.

And he came down with Dr. Chaney and made a



## UNCLASSIFIED

128

medical survey, and also we felt NHAO was getting off to a very slow start.

- Q Did North recommend that you hire Owen?
- A Well, we knew that Owen was a friend of North. I mean, I suspected that Owen would inform North of everything he saw down there, and apparently they were close. That was our impression. But we were not asked, that I remember. I was not asked, and I said "we" -- me and the other two men, we were not asked. I was asked by Owen himself, I remember, you know, if we would recommend him.
  - Q Did you ever meet Bob Earl?
  - A Bob Earl? The name does not --
- Q Can you tell me from the time that the U.S.

  Government funding ended in roughly June of 1984 until

  September of 1986 what did Colonel North do for you?
  - A Would you please repeat the question?
- Q During that period what did Colonel North do for the Contras? It's a broad question, but I'd like you to answer it as best you can.
- A Well, I felt that he was our listening post, that he would keep other people informed as to what we were doing, what we were needing, that he was going before Congress giving briefings, that he would brief different groups, that he would further push our cause.
  - Q Were you looking to him for military advice?



## UNDEASSTABLET

129

- A No. I did not look to him for military advice.
- Q Did you consider that he had raised the \$1 million a month that you received?
- A I considered not necessarily for the \$1 million a month, but I considered that he was instrumental for us in speaking out for us, that he had the credibility, that he had the position, that he had the connections that a foreigner cannot come to this country and talk, but a U.S. military man or Marine who could speak well --
- Q Who did you think had raised that \$24 million you received in February-March 1985?
  - A Sir, I didn't care really much who did.
- Q I can understand that you didn't care where it came from, but who did you think had raised it?
- A Even that. I mean, my objective, was keeping a struggle going. I did not --
- Q What would you have done if you hadn't received the \$24 million? Would you have had to close shop?
  - A No. We would have kept on going somehow.
  - Q Was the \$24 million important?
- A The \$33.5 million. It was \$33.5 million that we got.
  - Q That was important?
  - A That was very important, yes.
  - Q And still you didn't inquire where it was coming



## UNCLASSIFICAT

130

from?

- A No, sir.
- Q Did you conclude that it was a matter of secrecy and that you shouldn't ask?
- A I thought it was a matter that the less it was talked about the better, that I shouldn't even know, and then I began reading. In the back of my mind I always had this is, you know, you know -- and this, that and the other thing.
  - Q So that's where the money was?
- A That's where the money was and that was my feeling.
  - Q But no one told you that?
  - A Except for General --
  - Q Secord?
  - A Second talking about talking to
  - or whatever.

    Q Did he ever mention which
- he spoke to?
- A Maybe he did give the name, but I don't remember.
- \_
- A Well, I've read his name.
- Q Do you know whether he mentioned that?
- A No. I could not attest that he mentioned that,

No. leaders address to the contraction

took it --

#### UNGLASSALED

131

- Q Let me put a question to you that we've been sort of going around. I gather you had a great deal of confidence in Singlaub.
  - A Yes.

100

- Q And you believed that General Singlaub was not in this for his own personal profit.
  - A Yes.
- Q And that General Singlaub would act in a way that would be in the best interests of your cause.
  - A Yes.
  - Q He's a person whose heart is in what he was doing.
  - A Yes
- Q Was one of the reasons that you were giving arms orders to Second because you believed that Second had raised the money for you?
- A I could have had that -- I could have felt that there was somewhat of an obligation, maybe. But on the other hand, you know, this did not happen over a long period of time. It was so fast, you know.
  - Q But the money was fast and the orders were fast.
  - A Everything was fast.
- Q When you gave those orders for these weapons, you didn't even have the money in hand, did you?
- A The first order from the we talked about it in August. We didn't know how much money we had available. We UNCLASSIFIED

, , , e

## UNCLASSIFIED

132

had to wait to see if more money would come in, and that is why you see that the payment was made later, you know. It was being talked about and I would tell him -- I mean, that's what my memory more or less tells me.

I would tell him, well, let's see what we get, you know.

- Q Was it a case where Secord was in effect helping to finance those purposes of arms?
  - A No. He didn't help finance.
- Q By suggesting at least that he was going to raise the money for you?
- A Well, undoubtedly it created a sort of link there, you know.
- Q And not a legal obligation but a sense of moral obligation to give business to him? That's fair to say?
- A Yes, or to have him do this because this is detailed here. He acted as if he wasn't making a profit.
  - Q Secord acted as if he wasn't making a profit?
  - A Yes.
  - Q Did he tell you he wasn't making a profit?
- A Well, he detailed the freight, demurrage, insurance, this, that and the other thing.
- Q That information you got from him that's on the North schedule?
  - A Yeah. And then, you know, I didn't put him

UNCEASSIFIED

133

against the wall and say -- because, you know, I had respect for the person -- and I didn't say you are making a profit.

- Q But you had some suspicion?
- A To tell you the truth, well, yes.
- Q Mr. Calero, was Secord with you when you gave the information to Oliver North that is reflected in that schedule?
  - A No, no.
- Q Because as youlook at this and you see how detailed it is, isn't it clear that you had some information with you?
- A Oh, yeah, I must have had. I must have had information because I had these details on a little piece of paper, I remember, in squares -- very informal, very, very informal -- because I never got any invoices or anything.
  - Q Where did you get that information?
  - A From Secord.
  - Q From Secord?
- A Yes. And I must have had that. This information here was from memory, but this was detailed. And this was an estimate, the miscellaneous.

MR. BALLEN: When you say "this", that's not going to be reflected on the record. Which was the information from Second?

THE WITNESS: The airlift number one, the airlift



134

number two, the sealift number one, and the sealift number two. This one doesn't even have prices. He had a deposit that had already been paid in rounded figures, as you can see, the \$5 million, and then the estimated cost was \$6 million. It came to \$7 million or something.

BY MR. LIMAN: (Resuming)

- Q Was the way in which you worked with Secord, was that you would give him the deposit of \$5 million and he would supply \$5 million worth of weapons, ammunition, and bill you for whatever it was, so that if it turned out to be \$6 million you would pay \$6 million, and if it was \$5.5 million you would have paid \$5.5 million?
  - A Yes.
- Q So that you were really relying on him to act in good faith in purchasing this equipment for you; isn't that fair to say? I mean, there's no getting around that. You weren't an expert in this.
- A It is fact that I was relying on the fact that he was asing in good faith, we have  $a_{i} = a_{i} + a_{i} +$
- Q And in fact, you know, he told you that apart from using his expertise in getting you these weapons he was helping you to raise the money to pay for them?
  - A Yes. He said that, yes.

And yet -- and this puzzles me -- yet even though he is raising this money for you, you felt more comfortable

## UNCASSIFIED

135

dealing with General Singlaub.

- A Well, I mean it's a matter of personalities, of course.
- Q Did you ever show General Singlaub what the prices were that Secord was charging?
  - A I might have told him.
  - Q That would have been a natural thing, correct?
  - A I might have told General Singlaub, yes.
- Q Given the confidence you had in General Singlaub it would have been natural to show this to him. Do you remember any comments he made?
- A I told you before that he thought that Second was making money on this.
  - Q Did you ever report that to North?
- A I don't think I did because this was a comment. You know, it was gossip.
- Q What was the reason that you gave this schedule to North?
- A We would inform him, as I told you before. I would tell him everything -- what we were doing, how we were doing, what we were buying, what we had. I mean, I would inform him of everything -- what our situation was.
  - Q That's what you did, but why?
  - A I felt that he was our --
  - Q Liaison with the government?

#### UNOLASSIMED

136

A Our liaison with this whole world, you know. If we didn't tell him, we didn't have anyone else to tell that to.

MR. LIMAN: Can we take a break, and then I think I'm probably done.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

- Q I have some just names which come out of your accounts. First, there was a deposit that was put in the account, two of them, one on 10/23/85, the next on 10/25/85 of \$200,000 -- \$25,000 on one day, \$175,000 on another, totalling \$200,000 -- from Lake Resources. Do you know what that was for?
  - A Well, that was for our use.
  - Q Was that a refund for some purchases you made?
  - A No, no.
- Q What were the circumstances under which that was transmitted to you?
- A The circumstances were that we were receiving money, that we needed money. We were in need of money at the time.
- Q Because that was after Congress had appropriated \$27 million.
- A Yes. The NHAO did not pay our logistic expenses, many of our family support for our fighters, because that



## UNCLASSIFIED

137

#### was connected with --

- Q The military?
- A The military. And then our air operation.
- Q Who did you ask to give money on behalf of Lake?
- A To begin with, I found out that that money had come from Lake.
  - Q When did you find that out?
  - A Well, he found it out and told me.
  - Q Just recently?
  - A Yeah.
- Q Did you know that General Second had arranged for this \$200,000 contribution?
  - A (Nods in the negative.)
  - Q Did you ever meet a man by the name of Hakim?
  - A No, sir. I never met Hakim.
  - Q Did you ever hear of Lake Resources?
- A Never heard of Lake Resources until I saw it published in the paper and then it was he --
  - Q Your lawyer?
- A My lawyer, yes, that went through the bank records, which he did before I did, and told me that that had come from Lake Resources and that was the company that had been named in the paper that day.
- Q But had you at the time that the \$200,000 was received, did you know that \$200,000 was deposited? Did you

## UNCLASSIFEDST

138

get a notification that you had received \$200,000?

- A Yes.
- Q Did you have any information as to where it came from?
- A My impression was that it had come from Channel associated companies. I would talk to Rich Miller. At one point I was talking to Channel, and I worked. I mean, I felt that whatever money the Channel organization would give me, we had earned it, because I talked in three or four different occasions to people, to potential donors, who Channel had gathered. So I felt all the right to ask Miller and Channel himself, and I told him myself many times and even wrote a letter to Channel saying, you know, that we needed money for that.

Our family support came to about \$175,000 a month, so that was a lot of money that was not covered by the NHAO.

- Q And that money was being paid out of the accounts that you maintained?
- $\tt A \tt Out \ of \ the \ accounts \ that \ we \ maintained, yes, plus the earnings out of --$ 
  - Q Out of your currency?
  - A Out of the currency, yes.
- Q We noted that the count reflected payments to a company
  - A broker.

## UNTRASSIFIED

139

- Q Money broker?
- A Money broker, yes.
- Q So that was to change dollars into local currency?
- A Yes.
- Q And is the same true of
- A Yes, sir.
- Q What about M&S Supplies? What was that?
- A M&S Supply was boots and uniforms. They are the companies that sell surplus materials and things like that.
  - Q And RM Equipment?
- A R&M Equipment is weapons and ammunition. That's -- the last payment that I made for those rifles, rather than Gretsch World they asked me to make it to R&M Equipment, since through them was the deal. I made it and I found since, you know, when I asked him why was that -- I didn't ask at the time -- they said well, it was their commission or something.
- A That's in the we used to have a political election in and they also purchased some there for us at times, and we used to keep that. Let's see, he was a sort of broker in the sense that he purchased. He used to take care of expenses that we had in
  - Q He was an agent?

### UNCLASSIFIED

140

- A He was an agent of ours, yes.
- O And Hondu?
- A Hondu Carib?
- Q Yes.

1.2" -

- A Hondu Carib is a transport company that transported for quite a while merchandise that we got and we purchased in the States and took down to
  - Q And Bibbins and Rice?
- A Bibbins and Rice is another one of these surplus web gear and boots.
  - O Front Line?
  - A Front Line is the same.
  - O DIACSA?
- A Those were the transfers. We made intra-account transfers.
  - O And Genesco?
  - A Génesco is a boot manufacturer in Tennessee.
  - Q That's right. Forest Supplus?
  - A Powler?
  - O Forest.
  - A Forest, another one of these suppliers of surplus.
  - O And ONYX Aviation?
- A ONYX Aviation. We bought a plane one time there. \$65,0007
  - Yes, you've got a good memory.

#### UNCERSHIPEDT

1,27 -4

141

A Well, I've been looking at those things.

A an account for who also in his firm.

At one point we wanted to build up a force. A lot of people were asking us that we take care of it because Pastora was crazy and there was nothing going to happen over there if we didn't. So we started to.

- Q ODOM Aircraft?
- A ODOM, they sent parts.
- Q And then there was a payment that we weren't able to identify that went to the World Bank of Canada for  $\sim$  \$432.000.
- A The World Bank? That was a Secord payment. That's sealift number one.
  - Q That's sealift number one?
  - A Yeah. When was that? That was late fall.

MR. ZANARDI: 11/6/84.

THE WITNESS: That's a Secord.

BY MR. LIMAN: (Resuming)

Q And would the same be true of that \$326,590 payment?

MR. ZANARDI: That went to a Swiss corporation, a Swiss bank.

THE WITNESS: That's the one that I believe is the

## UNCLASSIFIED

142

one that went first to

and then

transferred

it.

م حارين

BY MR. LIMAN: (Resuming)

- Q To Secord?
- A To Secord, yes, because we didn't want the money to come back. So we ordered that. That must have been in January?

MR. ZANARDI: December 24.

THE WITNESS: If it's December, no, it's not the thing. The thing would have been in

January, a similar \$300,000-something, a similar amount.

- BY MR. LIMAN: (Resuming)
- Q Did you ever deal with any Canadian arms dealers?
- A No. No, sir. We had these three main --
- Q Martin, Secord --
- A Martin, Secord and Singlaub. We never had any direct dealing with --
- Q Do you remember whether Mr. Livingston was the Canadian? You remember I referred to Livingston.
  - A The name really is blank for me.
- Q Did you ever meet a man by the name of Dimstead, with one eye?
  - A (Nods in the negative.)
- Q You testified this morning that because of the publicity that surrounded General Singlaub that Lieutenant

### UNIORS SEPTET

143

Colonel North had indicated to you that he was uncomfortable.

- A No. I think -- well, it might have been both.

  Both North and Singlaub told me that on account of -- that's a recollection; it's an idea, maybe -- that it was best for him not to see --
  - Q To see General Singlaub?
  - A Yeah, for General Singlaub to keep away.
  - Q From Lieutenant Colonel North?
  - A Yeah.
- Q Did Colonel North ever indicate to you any displeasure at the fact that you had done business with Singlaub?
- 'A No, sir. No, sir. The only comment that I remember was that of General Second's that said that that was not going to go through, you know, that that was going to fall.
  - Q Because the price was too good?
  - A low, yeah.
    - Q Did you ever meet Dutton?
- A Dutton? I've been asked that question before and another one.
  - Q Gadd?
  - A Gadd.
  - Q Do you have any resollection of meeting either of



#### UNCLASSIE HED

144

them?

111-

- A One time I met someone whose name I do not remember, who offered me airplane:
  - Q To buy
- A To buy airplanes or to lease -- buy or lease airplanes.
  - Q Did you have money at that \*ime?
- A No. So nothing came of it. And then at one time, at the NHAO office, I met a man who had planes, who did something for NHAO and who seemed very familiar with Central America, but whose name I do not recall. It could have been Gadd, could have been Dutton, could have been someone else, too.
  - There were a number of payments that you made to
- A One time those were for uniforms, for ammunition. One was for ammunition, \$155,000, I think it was. Another one was for uniforms. And then I sent money to and one time we paid for some ammunition So we also paid.
- Q Did you ever pay any money to Lieutenant Colonel
  North?
  - A Pay him any money?
  - Q Yes.
  - A Well, I gave him some money, yes.



## UNGLASSIERE

145

- Q When was that?
- A I don't remember when. I've never been asked that question until now, when you bring it up. I gave him money for some trips that he had to make or some people had to make, but I don't remember exactly when.
  - O How much?
- A I would have to check that. It could have been \$40,000.
  - Q And was it in cash?
  - A No, in travelers checks.
  - O Travelers checks?
  - A Yes.
  - Q And how would you check when you paid that to him?
  - A How what?
  - Q How would you check when you gave him that?
- A How would I check? I would look for -- when I gave it?
  - Q Yes.
- A I would look for a piece of paper where I put down those things.
- remember where it was you handed it to him?
  - A In his office.
  - O Was it on one occasion?
  - No. It was on different occasions.

#### **UNSTASSICK B**T

146

How many occasions?

... +

- A Maybe four, way back. That could have been in
  - Q Did he tell you what it was for?
  - A Something connected with hostages.
  - Q What did he say?
- A That that was going to be used in connection with the hostages, because the United States Government could not, you know, couldn't do anything like that.
- Q Was he talking about the hostages that were taken in Lebanon?
  - A Yes, yes. Those hostages, yes.
    - Did you know he was working on that project?
  - A Pardon?
- Q Did you know he was working on the project for the freedom --
- A Oh, yes. I mean, he was -- he mentioned the hostages and he said that that was going to be used for people to travel in relation with the release of the hostages, yes.
- Q Did you ever give any money to any other employee of the United States Government?
  - A No.
- Q Would you please check those records as soon as possible and let us know?

#### UNGHOWS EKEDET

147

I don't have any other questions.

- A I think I could do that.
- Q Today or tomorrow?
- A No.

11 0

MR. PORTUONDO: We don't get back until 11:00. I know you are anxious.

MR. LIMAN: I had forgotten he doesn't keep his records here. I've not dealt with any real person, but, by the way, I define a real person as a person who lives outside of the Beltway.

THE WITNESS: I believe that paper, that's I believe.

MR. LIMAN: Why don't you ask the question?

MR. PARRY: Why did you use six different accounts for receiving the private donations?

THE WITNESS: I've been asked that before. To begin with inessmen always have various accounts. In our case, it was necessary to have various accounts because we had to be very careful to not put all the eggs in one basket. That was a lot of money that was in consideration, so it was better to have it spread over banks.

And if you will see there were a lot of transfers.

You know, one time we heard that was not -- it's not a very big bank, so we felt okay, then better we transfer money from to another account. So another account was

#### UNTERSSESEET

111-8

148

opened. And then we would transfer back to back to the because were where our men had the most access to. And then we also thought it was necessary to have accounts in banks

And an account of ours was closed on account of a letter that was sent by one who sent \$30. We never knew where he got that account number, and he said "for the Nicaraguan freedom fighters", and then it was closed down.

But it's usually for businessmen to have, but that was the reason. We never had a bank account in Switzerland.

MR. LIMAN: Paul, do you have any questions? Lou, any questions?

MR. BALLEN: Yes, I have some I'd like to ask you. EXAMINATION ON BEHALF OF THE HOUSE COMMITTEE

BY MR. BALLEN:

- Q I want to focus your attention in March of 1985.

  Did you ever at Colonel North's direction deposit money into
  account?
- A No. I never did deposit any money into account.
  - Q Did Colonel North at any time ask you to deposit money into account?



So it was dropped.

- So you never in fact -- no money was ever in fact given to you for that purpose?
  - No money from us went direct to Α
  - Did it go indirectly?
- That I cannot -- I mean, now that you ask that question, I mean, this is supposition, this is speculation on my part. Could it have been that the money that I gave to North -- did he --

11, he told you that money was going for hostages, right?

HE WITNESS: Yes.

BY MR. BALLEN: (Resuming)

- Q But he asked you for that money -- North asked for the money?
- If I could make some money available because there were some trips to be taken by some people in connection with the hostages. And my answer was, you know, this money

#### UNOLASSIFIED

. . . . . . . . .

150

is not mine. The money belongs to freedom, you know, for whatever it can do for freedom.

- Q And did he tell you how much he needed?
- A I have to look at these records. I remember one time it was \$15,000 and \$10,000. It must have come to \$50,000, something around that amount.

MR. LIMAN: That's what you're going to get the record for.

THE WITNESS: What I have, yes.

BY MR. BALLEN: (Resuming)

Q What made you associate in your mind that that had to do with

A Well, now your question.

MR. LIMAN: He didn't associate it in his mind.

He put the question of whether there was something that was indirectly for

THE WITNESS: So it came to me. You see, you asked me a question that brought in my mind an association.

BY MR. BALLEN: (Resuming)

Q Now you talked about Did
- those were broker fees for what?

A No, no. He was a broker.

A currency broker?

Yes. I would order a deposit to be made in

account in the United States, and

UNCLASSIFIED

120

117 -

151

would in turn give local currency to our men was he involved in any of the NHAO --

A was used as a broker also by the NHAO people.

- And the money made on the currency transactions from would any of it go directly back to you, or did all of that currency transaction go back to NHAO?
- No, it went to us. It went to us, but we reported it to NHAO.
- And did you have authority to spend that in any Q way you saw fit?
- No. I even signed a letter saying that that money was going to be -- because we informed NHAO that we were making this exchange differential, so we wrote a letter saying that that money -- I signed it -- it was going to be used exclusively for the same humanitarian. It wasn't going to be used for military purposes.
- Mr. Calero, do you know a man by the name of Rafael Cantero?
  - I know Rafael Cantero, yes.
  - Q How do you know him? In what context?
  - Well, I met him in connection with -- I don't know

UNCLASSIFIED 82-692 0187

UNCLASSIFIED TOP SECRET

152

if I met him before or if he had been introduced to me before in Miami, but I met him in connection with -- my formal recollection is meeting him in connection with Second and he traveled for Second.

- Q When do you recall that occurring?
- A When?
- Q Yes.
- A When did I? Sometime in '84.
- Q And when you met him in 1984 it was with General

#### Secord?

- A Well, my recollection is of meeting him with General Secord, yes.
  - Q Was anyone else present at that time?
  - A No.
  - Q And what were the circumstances of your meeting?
- A The acquisition of weapons, and then content was sent to determine what our needs were with our military men down there.
- Q And which military men do you know that he might have met with?
- A Cantero? He must have met with Bermudez and others there, you know -- the logistic and different people.
  - O And this would be in 1984?
  - A '84 or '85.
  - O So the purpose of his going to meet with the

## UNCLASSIERE

153

military men was to determine precisely what the needs were?

- A To meet them and what our needs were, yes.
- Q Did you have any subsequent conversations with GuinterD after meeting him that time?
- A Oh, yeah. I saw him once in a while. I would say yes.
  - Q Under what circumstances would you see him?
- A with relations to what he was doing, you know, the work that he was doing.
  - Q Which was?
- A Which was drawing up these lists and he would maybe bring information as to the state of the shipment and all of that. And then we made an estimate -- he made an estimate -- but I don't recall the dates.
  - O He made what kind of an estimate?
  - A Estimate for our needs.
  - Q Did he do this on more than one occasion?
  - A Yeah. I don't remember exactly when he went down.
- Q Was his estimate of your needs, did that correspond to what you feel your needs were?
  - A He did it with our military men, you see.
  - Q Did you review those lists that he drew up or not?
- A I saw them, yes. Of course, the estimates -- what I'm trying to think of is if there was an estimate made after the purchase. You see, that's what I'm trying to

#### HNOLASSAED

154

determine. It could have been so.

120

- Q In other words, there could have been more than one estimate that he made?
- A Yeah. But what I'm trying to determine is if there was an estimate after the second sealift, which I don't remember exactly.
- Q And the second sealift, that was the last delivery from Second?
- A That was the last delivery. Well, the sealift, yes, but remember that I had said before that there were some thing which were short-shipped.
- Q Did you ever receive the things that were short-shipped?
- A Yes. I don't know when they came, but I asked if they had arrived and I was told yes, that they had arrived.
- Q Were you ever aware of any arms being delivered to for the FDN?
  - A No, except -- well, what was short-shipped went to
  - Q Do you recall -- you said you didn't recall.
    Would that have been sometime after the second sealift?
- A It was after, definitely, because they were short-shipped.
- Q So it would have been either in the summer of '85 or later?  $\sim$

## UNCLASSFILET

155

- A No, no, in the fall.
- Q The fall of '85?

1400

- A In the fall of '85.
- Q: And how large a shipment was that that was shortshipped? What are we talking about in terms of arms, to the best of your recollection?
- A Some 40 millimeter grenades and some C-
- Q Do you have any idea what the value of the shipment was approximately?
  - A No, no, because it had been paid before.
- Q Are you aware of any other munitions or armaments that were shipped and stored at the stored at th
- A No, because we didn't buy any. I mean, I was aware that those grenades and the C-4 and maybe another little thing, but very, very minor, I would say, compared to what we had purchased, called a later date. And they did come, because I was told they had arrived.
  - Q Who told you?
- A Our logistics people. I asked the logistic people if they had arrived and they said yes.
- Q Well, you testified earlier that the air resupply was delivering weapons from

into Nicaragua. Is that correct?

A The air resupply was delivering weapons from our

THA ASSEMENT

156

warehouse into Nicaragua, yes, by way

Q Would that be from

177 80

- A From but I'm talking out of, you know, very scant information which to me did not matter, you know.
- Q But that's what I want to inquire into. If they were delivering your weapons out of why were they also going to
- A That was on account of the flight pattern. The flight pattern was and these people had all their operations and all their people, they had everything in the same of the flight pattern. The
- Q Were you aware of the fact that they were taking weapons stored at the fact that they were taking for FDN use?
- A No. They brought in what was ours. That's the information I had. They brought in what was ours, what we had purchased. But as to new weapons there, I was not aware.
  - Q Do you know a man by the name of Felix Rodriguez?
  - A Oh, yeah.
  - Q And when did you first meet him?
- A I don't remember. He came to visit me after he stopped. I was introduced to him by another Cuban-American and he came to visit me when he stopped a shipment of two

## UNCHASSAFIED

157

fast boats out of the United States to the Sandinista
government on account of a law that he was familiar with,
and he brought it up to the Customs to stop the shipment of
those boats.

And then we developed a friendship. I was in one time with him

And then he promised to come to to help us, but he fell in love with -- he told me he was going to Salvador for a while to help the Salvadoreans and then he would come to us. And he just became absolutely taken by the Salvadorean

Q Why did he stop the shipment of the boats?

work he was doing and never came to us.

- A Why? Because he thought that those boats were going to be used for military purposes by the Sandinista government and they have some technical qualifications that made it possible under the law not to be shipped to the Sandinista government.
- Q These were boats that were destined for the Sandinistas?
- A Boats that had been purchased by the Sandinista agent here in this country.

MR. LIMAN: Allegedly as pleasure boats.

THE WITNESS: Yeah, as pleasure boats.

MR. LIMAN: But they could be used for military purposes.

# MYFSYED

158

THE WITNESS: But they had some technical things there that could be used for military purposes. I have described him as a freelancer for democracy, this man Felix Rodriguez. He had something to do with Che Guevarra. I met him to time when I went to with this was going to help us -- I excuse me, not -- a

BY MR. BALLEN: (Resuming)

- Q Did he provide any direct assistance to you, though, in your effort?
- A No, no. He was going to. He was going to provide direct assistance. He offered to participate personally and everything but, as I say, he stayed in Salvador.
- Q You are not aware, then, of any efforts he might have made in El Salvador in your behalf?
- A Well, I have read about it afterwards, you know, that he became involved.
  - Q Are you perseally awares
- A No. Personally aware, no. He told me to visit him in Salvador and he told me that he was using the name Max Gomez and he gave me his phone number in Salvador, but I have never had the opportunity to visit with him in Salvador, which is just as well.
  - O How about a man associated with him by the name of

159

#### Ramon Medina?

- A No. I never met Ramon Medina.
- Q Did you ever have any dealings with

A I know I've talked to him about maybe three times. He's been very, very much sympathetic to our cause, always ready to help. But most of the contact with has been by not by me. I have met him twice, three times. One time I saw him in Miami.

Q Were you aware of any efforts he was making in terms of the air resupply of weapons to you either personally or through your commanders?

A I don't think I ever discussed what he was doing, but is a man who we could assume that if he was there and there was something going on, he would know about it and he would sympathize with it. I mean, that was my impression. He has been very sympathetic all the time.

Q But you are not personally aware in any way of any way he's been of assistance?

A I'm not personally aware exactly what he did or how he did it, you know, because I haven't been in a very long time. The last time that I was there was on transit and one time I had to overnight on account of not being able to land.

But I didn't see anyone. I



### **UNCLASSIMED**

160

went from the airport to a hotel and from the hotel to the airport.

Q You testified earlier to the meeting that was in with Colonel North. Was

A Um-um. No, no. It was only between the Americans and Nical guans.

- was there ever a meeting with Colonel North and
  - Not that I was present at.
  - Q Not when you were present?
  - A They must have met, but I don't recall ever meeting with them. I saw Colonel North maybe twice or maybe three times at the mest in the mest in the large that I never met with the large tha
- And there is no discussion with the private benefactor network, the private group?
  - A No, no, no
  - Q That you are aware of?
  - A No.
- Q Do you recall ever meeting in Colonel North's office with Singlaub and Second both present?
- A No. I don't remember. That's a new one. I don't remember.

161

- Q Let me see if I can refresh your recollection. Do you recall a meeting at the White House in the spring of 1985 with North, Second, yourself and General Singlaub where SAM-7s were discussed, surface-to-air antiaircraft missiles?
  - A In the spring of 1985?
- Q Well, that's a general date. Or at any time. Let me ask that question.
- A At any time? I do not recall a meeting that both of them would have been present. I mean, as I say, I have a faint recollection of having been in Colonel North's office and General Secord having arrived or having been there and General Secord having arrived. To tell you the truth, I wouldn't swear to that because it's not clear in my mind. And being there with General Singlaub. I remember that one time we met the President and Singlaub was there, so we were together in the Executive Office Building, and then we went to the White House with General Secord and Colonel North.

MR. LIMAN: General Secord or Singlaub?

THE WITNESS: Singlaub. I'm sorry. I'm getting all mixed up. But I do not remember ever having attended a meeting with General Secord and General Singlaub.

BY MR. BALLEN: Resuming)

Q Let me refresh your recollection in a different way about the subject matter of the meeting. Do you ever remember discussing the purchase -- you talked about surface-to-air missiles, antiaircraft missiles -- where



## UMBPASSIFFED

162

Secord, where General Singlaub said he believed he could get
those and General Secord said something to the effect that
he could provide instructors with them, instructors to
operate, to teach the FDN troops?

A I remember a conversation about instructors

because Second sent an instructor when we got the SA-7s from

you see. He arranged for an instructor, an

instructor from

- Q Do you recall any discussion prior to that instructor arriving with him about an instructor, that he could provide an instructor with it?
- A I remember talking about an instructor with.

  General Secord, but where I don't remember. I remember his sending an instructor and I remember the instructor being

  I remember all of that, but I do not remember

  -- and the instructor gave a course to our men.
  - Q Do you remember ever having a conversation with General Singlaub about SA-7s and his ability to provide them to you?
  - A Oh, yes. Oh, yes. The price that I was telling you he told me, that price, \$160,000 for these three state-of-the-art SA-7s, the latest that had been made in the Soviet Bloc, that were immediate.
  - Q Do you recall ever discussing the price of those same SA-7s with General Second as opposed to General



163

#### Singlaub?

- A I'm sorry. No, I don't. I might have. It's a possibility, but I don't recall it.
- Q I'm just trying to get at if there was a difference in those two prices which one would you purchase from if there was any reason.
  - A Well, I didn't purchase any from either one.
- Q Well, how did you get those? You said that General Second shipped to you --
- A Those were from Those cost, I believe, \$47,000, if I remember correctly.
  - Q But you said you didn't purchase them?
- A Sure. I said after that. In the sealift from we got
  - Q Is this the shipment that you discussed the instructor coming? Is this when the instructor came?
  - A Those came in April of '85 and then the instructor came to teach our people the use of those SA-7s that had been manufactured
  - MR. LIMAN: And the instructor was provided by Secord?

THE WITNESS: By Second, yes, sir.

MR. LIMME. And the mental farchased from

Secord?

THE WITNESS: Yes, the one that came from

MCLASSIFIED

## JRCASSAPEJ

164

BY MR. BALLEN: (Resuming)

- Q Did you ever meet with Barbara Studley?
- A Oh, yes. I met her through General Secord.
- Q Through General Secord?
- A I mean, General Singlaub, yes.
- Q What were the circumstances of your meeting with her?
- A Well, she helped General Singlaub. She helped General Singlaub in this acquisition of the weapons that he got for us. I think somehow she let her company name be used for that.
- Q Did you give General Singlaub the bank account?

  Let me ask the question a different way. How were you to transfer the money for the purchase from General Singlaub?
- A He gave me a bank account number where I sent the money.
- Q Did you ever give him a bank account where he could deposite whiles that he raised?
  - A Oh, yes, sure.
- Q What bank account did you give him? Do you recall?
- A I don't recall, but I gave him -- I must have given him the first one that I ever had, and then I must have given him another one and another one so he'd have a choice.

## UMPLASSINED

165

- Q And did he, to your knowledge, deposit any monies in those bank accounts that he had raised?
  - A No. I believe that those \$30 came from --
- Q The \$30, that would be the sum total -- \$30 million?
- A No, \$30, \$30 from the one that closed down our bank account I mean, there's \$25,000 that could have come from General Singlaub.
  - Q But that's the extent of it?
- A Yeah, because, you see, what he did was he acquired things. For instance, he was instrumental in buying the Lady Ellen, for instance, the helicopter. He picked up the money. He seen about people sending us down. But I have no record, no recollection or nothing of that.

We've gotten a lot of medicine, a lot of clothing and things that have been sent down to and that we have given to the refugees and to our troops and to our troops. We give medical attention in our hospitals to the population around. We take care of their children and people, and we operate on them and everything.

- Q Let me ask you this. Did Singlaub ever call you in reference to later Pastora?
  - A Yeah.
    - Q What were the circumstances of that?

**IINCLASSIFIED** 

## UNDHASSHFED

166

- A He went at one point and talked to Pastora and gave me a list of things that Pastora needed, and he thought that it was important to get Pastora back into the picture. But then I understand that people here were upset by this situation, having General Singlaub mixed up in these things. So we never did send. We ended up by not sending anything to Pastora.
- Q And that was because people here were upset about it?
- A Well, yes. We heard -- Pastora was always a problem and we were upset, too, you see.
- Q Who did you hear from here that was upset about the agreement with Singsaub?
- A I'm trying to see how it was. We were upset by it to begin with.
- Q I understand that, but who from up here did you hear from that was upset about it -- "up here" being the U.S. Government?
- A I remember telling General Singlaub he should talk to the government people, that they should give an answer, and I would say that if my recollection is good, I would say that it must have been the one that seemed upset about that. I would gather that, but I don't know if he ever talked to General Singlaub or not. I do not recall.

# 146488H<del>11</del>1

167

- Q Did he talk to you?
- A I think. That's my recollection. We both agreed that it would be a problem.
- Q And did he communicate with You not to deliver the supplies?
- A I have been very respectful of the U.S. Government people and they have been very respectful of me, and we don't give each other orders, you know. We have taken their points of view into consideration and they have taken ours.
  - Q And what was his point of view?
- A That Pastora was a problem, that Pastora was a problem, and that was my idea, too, that Pastora was a problem. And I didn't know, you know, Singlaub was going to make this arrangement with Pastora, and I didn't know about it before.

And then General Singlaub also went to a meeting.

One time he went to a meeting who are called Condor Group.

The Condor Group is made up of former national guardsmen, some of whom were kicked out of our organization, some of them left the organization. And he went to a meeting with them which created expectations on their part.

And these people, unknowingly to him, have been very problematic to us, to the FDN.

Q Let me just ask you one final question on Pastora.

Apart from did you speak to anyone else such as

### UNFLASSIPED

168

Colonel North or Elliott Abrams about the Pastora agreement?

- A When did it take place?
- Q 1986.
- A I could have. I don't have a clear recollection. I could have told Colonel North about it. I could have told him, but I don't remember. I don't remember talking it over with -- I have no clear recollection of talking about it with Mr. Abrams, although, wou know, you talk about one thing with people who are so closely associated and it's very difficult to determine which one you said it to and which one you didn't and when and who did you tell it first to. And it's difficult.
  - Q Because you had discussions with all these people?
  - A Yeah, sure.
- Q Did you or the FDN ever have any Swiss bank accounts?
  - A No.
  - Q Do you personally have any?
  - A No.
  - Q How about your brother Mario? Does he have any?
  - A No. He has much less. I don't have any.
- Q Did you ever have to make any payments other than

### for supplies to

- A No.
- Q No bribes?

169

A No bribes as such, no. I paid for services for a warehouse, for people who were taking care of the warehouse, people who were loading trucks and things like that.

Q Did they ever take any of your weapons that were destined for you?

A was equipped with AK-47s of ours. I mean, you know, we --

- Q Was that voluntary?
- A Sure. We have given AK-47s to two different also.
- Q There were certain credits that I don't know whether you had wanted to get into or not that we hadn't explored. My lists are different than yours. I don't know whether they concern the Miller part of it. You might just want to go through and see if there's any that you feel.

I have one question while they are looking at that. What the thoney -- while about money being paid the was that for?

A For the upkeep of men in the that we hoped we could get together into a fighting force.

- O Did that ever occur?
- A No, no. It didn't come through, so we had to give it up.

BY MR. LIMAN: (Resuming)

O We thought these were Miller, but do you want me

## MASSAFED

170

to take them? Your bank account shows deposits June4, 1986, of \$25,000 by order of Bank Scandinavia. Do you know what that's from?

- A That's the one; the \$25,000 that I referred to could be from --
  - Q From Singlaub?
  - A From people associated with General Singlaub.
- Q Then the next one is May 14, '86, \$48,770 by order of Chase Panama. Do you associate that deposit with someone?
  - A \$48,000?
  - **2** \$770.
  - A \$48,770.
  - Q From Chase in Panama.
  - A That could be Channel.
- Q And then on August 29, 1985, there was a \$300,000 deposit by order of the Do we know what that was?
  - MR. ZANARDI: What was the date?

MR. LIMAN: July 20, 1985.

MR. ZANARDI: That's not in one of his accounts.

MR. LIMAN: It says

MR. ZANARDI: That could be a transfer. The

that's one of his accounts.

MR. LIMAN: That's an internal transfer. Is this

### UNJORS SELECT

171

another internal transfer?

MR. ZANARDI: What's the date?

MR. LIMAN: September 27, '85.

THE WITNESS: That sounds like the one when they closed the account. That's the closing of the account.

BY MR. LIMAN: (Resuming)

- Q Then on September 30, 1985 there's a deposit by order of
  - A That's a transfer interaccount.
- Q Then there was a \$50,000 reimbursement, it seems to say, from 1/27/86. Do you know what that is?
  - A No.
  - Q REM, FMB Do you know what that is?

    Do you know?

MR. ZANARDI: I think I know what happened. There was a debit and then a credit.

WITNESS: They are reversing.

BY MR. LIMAN: (Resuming)

- Q Do you know what that was about?
- A They made a wrong entry and then they reversed it.
- Q Then March 3, '86, there was a deposit by order of is that what that is?
- A We served as -- we served UNO as a channel to give that money to the radio station operation

  I think there were about four deposits made by





172

to our account and we in turn turned that money over.

BY MR. BALLEN: (Resuming)

Q Just one other matter. I forget which committee exhibit -- the end user exhibits.

MR. LIMAN: I think we covered these.

MR. BALLEN: I just want to see if I have a different one. I have a different one.

THE WITNESS: May I tell you a story? Are we sort of finished?

MR. BALLEN: We have one more question.

MR. PARRY: And then I have one more question.

BY MR. BALLEN: (Resuming)

Q Have you ever seen that document before?

MR. PORTUONDO: He's looking at what purports to be an end user certificate with a date of 28 November.

MR. BALLEN: We should mark that as an Exhibit.

MR. LIMAN: Let's mark that as Calero Exhibit 7.

We'll have it Xeroxed -- two end user certificates dated

November 28, 1984, addressed

I think you referred 👪

one point in your testimony in connection with

(The document referred to was marked Calero Exhibit Number 7 for identification.)



## UNCHASSIFIEDT

173

BY MR. LIMAN: (Resuming)

Q If you look at this, does it ring any bells to you?

A Yes. I mean, I don't remember seeing it or reading it, but I'm reading it now. It's very clear that these were the ones that were bought from

BY MR. BALLEN: (Resuming)

Q These were that were bought from that went to you?

- A Um-hum.
- Q It seems to indicate -- maybe I'm just misreading it -- but it seems to indicate in there that certain rifles were sold by which would be you, to the

Is that correct or am I misreading the

#### document?

referring to

- A I didn't read it, to tell you the truth.
- Q Would you read it, please?
- A That we have purchased, I think it says.

MR. PARRY: You mean translate it?

MR. BALLEN: Maybe you should read it.

MR. LIMAN: The certificate says on it, in

that we have bought from

-- you see that language there. So that's what the translation is. Now your question? I think that what you were pointing out.

174

BY MR. BALLEN: (Resuming)

Q My question is, the certificate then would say that we, "we" being have bought from

would that be correct?

- A That's what it says.
- Q But the weapons went to you?
- A (Nods in the affirmative.) Yes.
- Q Did you have any discussions with

who signed it, that the weapons were going --

- A No.
- Q Do you know how that end user certificate was obtained?
  - A By a friend of ours.
  - O Who?
  - A
  - O And who is that?
    - is
  - O Total The Wall of the Comment of the Vol

testified, those were obtained with the help of Mr. Secord?

- O All of them?
- A Yes, sir. I really dislike to talk about those things. They involve other countries.

MR. LIMAN: Our record is not a public record at



175

this point, and you've expressed yourself on it.

THE WITNESS: I hope they remain non-public.

MR. LIMAN: You have one question.

BY MR. LIMAN: (Resuming)

- Q Let me ask you a question. On those travelers checks, did you give him travelers checks that were unsigned?
  - A Unsigned.
  - Q Unsigned travelers' checks.
  - A Yes.

BY MR. PARRY:

- Q I have two areas. Mr. Martin has told us that he stockpiled a large amount of arms through an arrangement with you where the FDN would be able to draw those weapons out as needed and pay for them as they needed the weapons.
- A He did that with because we have no authority to do anything like that.
- ${\tt Q}$  Were those weapons intended  $\P$ oRuse by the Contra or the FDN in particular?
- A Well, let's say if we had the money we could have gotten those weapons.
- Q You are aware that there was a large number of weapons?
  - A I was aware, yes.

## UNCHASSFIEDT

176

MR. LIMAN: He bought them on speculation in the expectation that he might be able to sell them to you?

THE WITNESS: Well, I would say yes. But through an arrangement, a formal, legal arrangement that he made with

MR. LIMAN: We're not suggesting there was anything illegal.

THE WITNESS: They have custody and everything.

MR. LIMAN: We're not suggesting there was anything illegal in that. But as the foundation for the questions that Mr. Parry was going to ask of you, you were aware that he had brought in weapons which he was stockpiling in the hope that he would be able to sell them to you, right?

THE WITNESS: Yes, that's what I could gather.

They would be available to us and they would be available to

in case of a problem with Nicaragua.

BY MR. PARRY: (Resuming)

- Q Did you in fact draw any weapons from that source?
- A We took some of those things, which we shouldn't have done, and some of our people did take some of those things and we have made no payment for them. We don't have anything to pay with.
  - Q Was that about \$1 million worth?
  - A Yeah.

UNCLASSIFIED

AA . CA ACC

### UNOEA SEKTEU

177

- Q Now the rest has remained there as far as you know?
  - A Yes. It's there as far as I know, yes.
- Q Mr. Martin feels that you discontinued using that source due to pressure from Mr. Second. Is there any basis for that?
- A No, no, because -- look, we requested, we asked that those things be purchased because they were there, but it's the government people that have not wanted to buy any of that. There were also some --

BY MR. LIMAN: (Resuming)

- Q I don't understand that answer. What government people didn't want to buy?
- A The U.S. Government. I discussed with the U.S. Government people.
  - Q Since October of 1986?
- A Since November October, 1986, the possibility of acquiring those things that were there.
- Q And the United States Government has not wanted to buy them?
- A Has not wanted, but there were some weapons stored in our facilities. Some of those things were stored in our facilities and some of those things were dispatched.
  - Q Dispatched means what?
  - A Dispatched to our people.

## UNGEASEONED

178

- Q Did Mr. Martin ever complain to you about the fact that you weren't buying weapons from him that he had stored
- A Well, he certainly is worried about all that material there.
  - Q He's put a lot of money into it.
- A He's put a lot of money and he's lost his shirt on it and nothing has come of it.
- Q Did he ever express to you the view that it was General Secord who discouraged you from buying from him?
- A No. But he has expressed to me that Secord made a good lot of money on us. He has expressed that.
- MR. ZANARDI: If you had had the money, would you have purchased the additional weapons from him?

THE WITNESS: Yes, because they are very good weapons. The prices are very, very reasonable, and they are there.

MR. ZANARDI: How do those prices compare with what you got from Second?

THE WITNESS: They were different items more or less, but I don't remember exactly, but from Second, from shipment -- I have to be honest about it -- we got rounds of ammunition for \$75 per thousand and that's a Suprammater darn good price. The best price that we could get from the was \$110 -- of course, better ammunition.



# UNCEASSFIRST

179

BY MR. LIMAN: (Resuming)

Q was better?

A is better ammunition. And I have not gone to the trouble, you know, of comparing prices, but the prices that we could purchase the Martin stuff is a good price.

Q I gather the since you have found yourself in this business of buying arms you've discovered that arms have no ideology.

A None at all. Really, we are now fighting, most of the fighting that we are doing we are doing against the communists with communist weapons. It reminds me of the Indian wars, you know, that you had -- that they were selling to the Indians and also selling to the cowboys.

MR. ZANARDI: So at the end you would still be buying weapons if you had the money, even though you had this early inventory.

THE WITNESS:

rounds of that, and we bought

A DOUBLE

rifles.

mean, all our troops now have AK rifles except for the remaining FALs and D-3s that some of them still carry. But the majority of our fighting troops have AK.

BY MR. BALLEN: (Resuming)



## UKAP SEGMED

| was that from the last Singlaub purchase?         |
|---|
| A The last Singlaub.                              |
| BY MR. LIMAN: (Resuming)                          |
| Q Have you ever heard the code name Clutch?       |
| A Clutch?   |
| Q Or Spark?                                       |
| A Spark?  |
| Q In connection with Miller?                      |
| A In connection with Miller, Richard Miller?      |
| Q Yes. Did he ever use those names? Did you ever  |
| hear those names Clutch or Spark?                 |
| A No.   |
| MR. LIMAN: We have no questions. After we go of   |
| the record I'd like to hear your story.           |
| THE WITNESS: All right, sir.                      |
| (Whereupon, at 4:52 p.m. the taking of the instan |
| deposition ceased.)                               |
|   |
| Signature of the witness                          |
| Subscribed and sworn to before me this day of     |
| , 1987.   |
|   |
| Notary Public                                     |
| My Commission Expires:                            |
| UNION LOGIFIED                                    |

UNCLASSITED

CALERO EX#L

13 PGS

DENIED

IN

Total

Ex 00004- EX 00015A



CALERO EX#2
20 pas

DENIED

IN

TOTAL

EX 00016 - EX 00035



GAPRET E X . 00002

MONTHLY BALANCES FOR THE SIX CALERO ACCOUNTS
(as of 4-06-87)

|                          |                   | A C A C       |                   |
|--------------------------|-------------------|---------------|-------------------|
| Date                     | Deposits          | Disbursements | Month-end Balance |
| 05-83                    | 5,017.60          | _             |                   |
| 06-83                    | 24.08             |               |                   |
| 07-83                    | 25.01             |               |                   |
| 08-83                    | 25.13             |               |                   |
| 09-83                    | 24.44             | 0.00          |                   |
| 10-83                    | 25.38             |               |                   |
| 11-83                    | 10,063.07         |               |                   |
| 12-83                    | 69.79             |               |                   |
| 01-84                    | 10,083.63         |               |                   |
| 02-84                    | 111.63            |               |                   |
| 03-84                    | 119.69            |               |                   |
| 04-84                    | 114.67            |               |                   |
| 05-84                    | 113.01            |               |                   |
| 06-84                    | 45.45             |               |                   |
| 07-84                    | 1,003,388.46      |               |                   |
| 08-84                    | 1,005,664.25      |               |                   |
| 09-84                    | 1,007,260.59      | 4             |                   |
| 10-84                    | 1,009,301.49      |               |                   |
| 11-84                    | 1,005,079.89      |               |                   |
| 12-84                    | 1,360,933.28      |               | - V               |
| 01-85                    | 1,002,815.50      | 9             | N                 |
| 32-35                    | 5,001,932.03      |               | 90                |
|                          | 1/25/27-          | 1             |                   |
| portion! Declaration - 1 | HAMA              | ACCITIED      | Calero Ex*3       |
| Fil. B. 30201 1170       | or of search UNGL | A99ILIFD      | (Fr)              |
|                          |                   |               | (3/05)            |



FX

0000**₹** 

MONTHLY BALANCES FOR THE SIX CALERO ACCOUNTS (as of 4-06-87)

| Date  | Deposits      |
|-------|---------------|
| 03-85 | 19,070,532.20 |
| 04-85 | 249,882.77    |
| 05-85 | 19,557.48     |
| 06-85 | 26,839.99     |
| 07-85 | 70,757.23     |
| 09-85 | 8,482.51      |
| 10-85 | 200,487.49    |
| 11-85 | 101,133.68    |
| 12-85 | 615.07        |
| 01-86 | 107,435.33    |
| 02-86 | 38,012.41     |
| 03-86 | 37,988.92     |
| 04-86 | 83,850.84     |
| 05-86 | 49,313.05     |
| 06-86 | 556,140.73    |
| 07-86 | 11,798.28     |
| 08-86 | 713.27        |
| 09-86 | 100,405.96    |
| 10-86 | 150,203.00    |
| 11-86 | 0.00          |
| 11-86 | 378.06        |
| 12-36 | 75,305.40     |
|       |               |



FX OUSSE

MONTHLY BALANCES FOR THE SIX CALERO ACCOUNTS (as of 4-06-87)

Date

Deposits

01-87

80,264.67

Disbursomentes

Month-end Salance



Total Net Deposits:

Total Net Disbursements:

Total Net Interest:

Total Items:

592

34 471 161.49



This report is a listing of transactions associated with six Calero accounts. Transactions between bank codes 1007, 1020, 1024, 1071, 1073, and 1075 have been eliminated.

No Dute

## UNCLASSIFIED





Next week, sum in ecro-of \$20M will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the floads are turned on again.



UNCLASSIFIED



8x2, 13, 39

Calero Ex. 4

N 6389

1

So that we have a plan, I propose the following steps as highest priority:  $\boldsymbol{\cdot}$ 

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sendinistas intend.

If the high ground can be be quarded, then those who harbor in those areas will be safe,

Meanwhile, the forces and volunteers who have arrived can be outfitted, provided with some training, and

If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as \$9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trusty. The course: should be able to help with this.

into the regular resupply system is in place and, the troops familiar with a rotation system.

nitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month.

3

N 6390

You and I both recognize his value and limitations.

Some in our Congress are awars

This could be devestating to our forthcoming campaign to restore the funding. I will find out how much he is getting and let you know, but it as though something should be set aside for this purpose.

he uset you save me soonest regarding the deposit and destroy this letter after reading. The set can be passed with my best wishes. Please do not in any way make anyone aware of the deposit. Too much is becoming known by too many people. We need to make sure that this new financing does not become known. The Congress must believe that there continues to be an urgent need for funding.

---

Warm regards, Steelhammer

9 APR 85

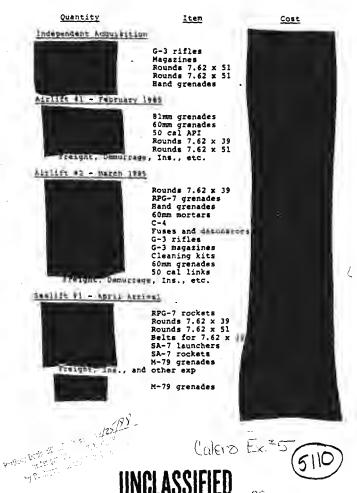
### UNCLASSIFIED

As of April 9, 1985

FDN Expenditures and Outlays

6408

July 1984 through February 1985



FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity

Item

Cost

N

6409

Sealift #2 - May Arrival

Deposit paid Estimated cost Rounds 7.62 x 39
Rounds 7.62 x 51
Rounds 1inked 7.62 x 51
Rand grenades
M-79 grenades
60mm grenades
81mm grenades
82mm grenades
82mm grenades
82mm grenades
70 cal API
12.7 ammo
57mm recoiless rifles
57mm ammo
Anti-tank mines
G-3 rifles
G-3 cleaning kits
AK rifles
G-3 magazines
AK magazines
AK magazines
AK magazines
KK-21 machine guns
RPG-7 launchers
H-79 launchers
9mm pistols
MK-39 links or belts

C-4 Fuses and detonators

#### Miscellaneous Expenses Since July 1984



Uniforms
Boots
Radio and comm equip
Air and ground
Military gear
Aid to Southern front
Aid to Misuras
Food, family asst,
upkeep of base
camps, air force
hospitals, etc.
Folitical activity offices in -countries and -travel, p.r.
Acquisition two
transp airplanes

N 10596

As of April 9, 1985

#### FDN Expenditures and Outlays

July 1984 through February 1985

#### Quantity

#### Item

#### Cost

### Independent Acquisition



G-3 rifles Magazines Rounds 7.62 x 51 Rounds 7.62 x 51 Hand grenades

#### Airlift #1 - February 1985



11/2 5



81mm grenades 60mm grenades 50 cal API Rounds 7.62 x 39 Rounds 7.62 x 51

Freight, Demurrage, Ins., etc.

#### Airlift #2 - March 1985



Rounds 7.62 x 39 RPG-7 grenades Hand grenades 60mm mortars C-4 Fuses and detonators G-3 rifles G-3 magazines Cleaning kits 60mm grenades 50 cal links Freight, Demurrage, Ins., etc.

### Sealift #1 - April Arrival



RPG-7 rockets Rounds 7.62 x 39 Rounds 7.62 x 51 Belts for 7.62 x 39 SA-7 launchers SA-7 rockets M-79 grenades

Freight, Ins., and other exp

M-79 grenades









N 10597

FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity

Item

Cost

Sealift #1 - May Arrival



Deposit paid Estimated cost

Rounds 7.62 x 39 Rounds 7.62 x 51 Rounds linked 7.62 x 51 Hand grenades M-79 grenades 60mm grenades 81mm grenades 82mm grenades RPG-7 rockets Claymore mines 50 cal API 12.7 ammo 57mm recoiless rifles 57mm ammo Anti-tank mines G-3 rifles G-3 cleaning kits AK rifles G-3 magazines AK magazines Swedish K magazines HK-21 machine guns RPG-7 launchers M-79 launchers 9mm pistols AK-39 links or belts C = 4Fuses and detonators

Miscellaneous Expenses Since July 1984



Uniforms
Boots
Radio and comm equip
Air and ground
Military gear
Aid to southern front
Aid to Misuras
Food, family asst,
upkeep of base
camps, air force
hospitals, etc.
Political activity offices in various
countries and cities
travel, p.r.
Acquisition two
transp airplanes

14 Feb 85

## UNCLASSIFIED



7189



de febrero de 1,985.

ENERGY RESOURCES INTERNATIONAL 40 Maple Ave. Eas iena, Wa., 22180.

el destino final.

#### Señores:

Nos dirigimos a ustedes, para manifestarles que por es te medio estamos extendiendo CERTIFICAUICE DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de no serán reexportados ni vendidos a otro país, siendo

Sin otro particular, aprovecho la oportunidad para su\_



Calero Ex. #6





7190

14 de febrero de 1,955

Señores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

#### Señores:

Nos dirigimos : ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo ( $H\Xi$ ) - C4 o TNT y UN MIL QUINTENTOS (1,500) detonadores variados, los cuales

y no serán reexportados ni vendidos a otro país, siendo destino final.

51 otro particular, aprovecho la oportunidad para sus



UNCLASSIFIED

1/25/82



S: Rores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

#### Señores:

Nos dirigimos a ustedes, para manifestarles que por es-te medio estamos extendiendo CERTIFICACION DE DESTINO FIUAL del material que a continuación se detalla, el cual será de tinado para uso exclusivo del Ejército de y no seserá des rá reexportado ni vendido a otro país, siendo destino final:

- A. 150 ametralladoras
  B. 150 morteros de 60mm. -completos..
  C. 100 morteros de 81mm. -completos..
  D. 150 lanzagrandas M-79
  E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para sus-





7192 N

14 de febrero de 1,985.

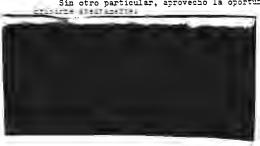
Señores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

#### Señores:

Nos dirigimos a ustedes, para manifestarlas que por es te medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será --destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final:

A. 10,000 granadas M-79. B. -3,000 granadas de 60mm. C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunitad para su





14 de febrero de 1,985.

Señores: ENERGY RESOURCES INTERNATINAL 440 Maple Ave. East Viena, Va., 22180.

### Sefores:

For dirigimos a ustedes, para manifestarles que por este medio estamos extendiando CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será de tinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final: será des

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.





Señores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

#### Sefores:

Nos dirigimos a ustedes, para manifestarles que por es te medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de y no serán reexportadas ni vendidas a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para sug





7195

CERTIFICACION DE DESTINO FINAL:



Señores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

### Señores:

Nos diriginos a ustedes, para manifestarles que por es te medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para su\_



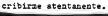


Señores: ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

#### Señores:

Nos dirigimos a ustales, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misi les tierra-aire, los cuales vienen destinados para uso exclu sivo del Ejército de y no serán reexportados ni -vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para su:







N 71°

CENTIFICACION DE DESTINO FINAL

14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL 440 Maple Ave. East Viena, Va., 22180.

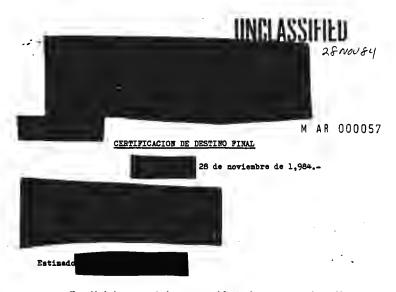
#### Seacres:

Mos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Anno, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin etro particular, aprovecho la opertunidad para sus cribirme de ustedes atentamente.







Nos dirigimos a usted, para manifestarle que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CUATRO MILSETECIENTOS VEINTICUATRO (4,724) fusiles CETME calibre 7.62 NATO - con sus accesorios; y VEINTE (20) BROWNING 1919A4 ametralladoras - calibre 7.62 NATO, que bases compreso des

sivo del Ejército y no será reexportado ni vendido aotro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscri-



## UNCLASSIFIED

Portland Declaration of 1/25/RV to the Residence of the Portland Residence of the Residence

C ALERO

5113 ...

# Stenographic Transcript of

HSIS 0045/87

**HEARINGS** 

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAM AND THE MICARAGUAN OPPOSITION

### UNITED STATES SENATE





Partially Declassified / Released on <u>300087</u> under provisions of E.O. 12056 by Martine Rational Security Council K. John Sand

SEUNETAS STEP EWORD

ALDERSON PEPORTING

(202) 628-9300

| 1  | TESTIMONY OF  |
|----|---|
| 2  | Monday, April 20, 1987                                    |
| 3  | United States Senate                                      |
| 4  | Select Committee on Secret                                |
| 5  | Military Assistance to Iran                               |
| 6  | and the Nicaraguan Opposition                             |
| 7  | Washington, D. C. $\omega$                                |
| 8  | Deposition of called as a                                 |
| 9  | witness by counsel for the Select Committee, at the       |
| 10 | offices of the Select Committee, Room SH-901, Hart Senate |
| 11 | Office Building, Washington, D. C., commencing at 10:17   |
| 12 | a.m., the witness having been duly sworn, and the         |
| 13 | testimony being taken down by Stenomask by ANNE           |
| 14 | PELLECCHIA HOROWITZ and transcribed under her direction.  |

15

UNGLASSIFIED,

Partially Declassified/Released on 3306087
under provisions of E.O. 12756
by National Security Council
K.Johnson

| 1  | APPEARANCES:                                       |
|----|--|
| 2  | On behalf of the Senate Select Committee on Secret |
| 3  | Military Assistance to Iran and the Nicaraguan     |
| 4  | Opposition:  |
| 5  | THE HONORABLE WARREN RUDMAN                        |
| 6  | ARTHUR LIMAN, ESQ.                                 |
| 7  | Chief Counsel                                      |
| 8  | PAUL BARBADORO, ESQ.                               |
| 9  | Deputy Chief Counsel                               |
| 10 | MARK BELNICK, ESQ.                                 |
| 11 | Executive Assistant to the Chief Counsel           |
| 12 | TON POLGAR, Investigator                           |
| 13 | On behalf of the House Select Committee to         |
| 14 | Investigate Covert Arms Transactions with Iran:    |
| 15 | RICHARD J. LEON, ESQ.                              |
| 16 | Deputy Chief Minority Counsel                      |
| 17 | NICHOLAS P. WISE, ESQ.                             |
| 18 | Associate Staff Counsel                            |
| 19 | On behalf of the witness:                          |
| 20 | THOMAS E. WILSON, ESQ.                             |
| 21 | MARY BETH SULLIVAN, ESQ.                           |
| 22 | WILLIAM F. PENDERGAST, ESQ.                        |
| 23 | Seyfarth, Shaw, Fairweather & Geraldson            |
| 24 | 1111 19th Street, N.W.                             |
| 25 | UNCLASSIFIED                                       |

| 1  | C O N            | TENTS       |              |
|----|------------------|-------------|--------------|
| 2  |                  | EXAMINATION | ON BEHALF OF |
| 3  | witness W_       | SENATE      | WITNESS      |
| 4  |                  |             |              |
| 5  | By Mr. Barbadoro | 4           |              |
| 6  | By Mr. Wilson    |             | 196          |
| 7  |                  |             |              |
| 8  | w E X H          | I,B I T S   |              |
| 9  | EXHIBIT NUMBER   | FOR IDE     | NTIFICATION  |
| 10 | 1                |             | 6            |
| 11 | 2                |             | 31           |
| 12 | 3                |             | 53           |
| 13 | 4                |             | 60           |
| 14 | 5                |             | 140          |
| 15 | 6                |             | 142          |
| 16 | 7                |             | 142          |
| 17 | <b>8</b> ,       |             | 142          |
| 18 | 9                |             | 171          |
| 19 |                  |             |              |
|    |                  |             |              |

| -  | F K O C E E D I N O O                                   |
|----|---|
| 2  | SENATOR RUDMAN: If you would remain standin             |
| 3  | please raise your right hand. Do you swear that the     |
| 4  | testimony you are about to give in the course of this   |
| 5  | deposition should be the truth, the whole, and nothing  |
| 6  | but the truth, so help you God?                         |
| 7  | $\omega$ I do.  |
| 8  | SENATOR RUDMAN: You can be seated.                      |
| 9  | Whereupon,  |
| 10 | $\omega$  |
| 11 | called as a witness by counsel on behalf of the Senate  |
| 12 | Select Committee, having been duly sworn, was examined  |
| 13 | and testified as follows:                               |
| 14 | EXAMINATION ON BEHALF OF THE SENATE COMMITTEE           |
| 15 | BY MR. BARBADORO:                                       |
| 16 | When did you became the Chief                           |
| 17 | of Station  |
| 18 | A I decline to answer. W                                |
| 19 | SENATOR RUDMAN: I am going t                            |
| 20 | read an order to you, to you and your counsel, and I am |
| 21 | going to put it in the record at this time.             |
| 22 | It is United States District Court for the              |
| 23 | District of Columbia, the Senate Select Committee on    |
| 24 | Secret Military Assistance to Iran and the Nicaraguan   |
| 25 | Opposition, the United States Senate, Washington, DC.   |
|    | UNCLASSIFIED  |

The order was filed March 30, 1987.

1

٦

10

11 12

13

14

15

16

17

18

19

20

21 22

23

24

25

Upon consideration of the application by the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, upon determining that the procedural requirements of 18 U.S.Code Section 6005(b) have been satisfied, and upon consideration of the application of Independent Counsel Lawrence E. Walsh under 18 U.S.Code Section 6005(c) to defer this order for 20 days from the date of the Select Committee's request for the order, it is, this 30th day of March, 1987, ordered that may not refuse to testify and provide other information at proceedings of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition on the basis of his privilege against self-incrimination, and it is further ordered that no testimony or other information compelled under this order (or any information directly or indirectly derived from such testimony or other information) may be used against criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this order.

And it is further ordered that this order shall become effective on April 19, 1987. Signed by the United States District Judge, dated March 30, 1987,



| •  | W   |
|----|---|
| 2  | upon reading that order, it is                            |
| 3  | the opinion of the Committee that you are now compelled   |
| 4  | to testify and you need not assert your Fifth Amendment   |
| 5  | privilege before answering the questions. The privilege   |
| 6  | we understand you have asserted. The Immunity Order       |
| 7  | gives you immunity that the law allows and we can now     |
| 8  | proceed with Mr. Barbadoro's question.                    |
| 9  | Paul, I am going to stay here for just a few              |
| LO | minutes and then I will leave.                            |
| 11 | MR. BARBADORO: I would like to mark this                  |
| L2 | order as Exhibit #1, and the record should                |
| 13 | reflect that I have handed a copy of the                  |
| 14 | order as well.  |
| L5 | (The document referred to was                             |
| L6 | marked Exhibit Number 1                                   |
| L7 | for identification.)                                      |
| L8 | MR. WILSON: Mr. Barbadoro, for the record, it             |
| L9 | is our understanding that while this proceeding has been  |
| 20 | denominated a deposition it is considered by the          |
| 21 | Committee to be an executive session and executive        |
| 22 | proceeding of the Committee.                              |
| 23 | MR. BARBADORO: It is considered to be an                  |
| 24 | executive proceeding but it is a deposition rather than a |
| 25 | UNCLASSIFIED  |

| 1)  |   |
|---|---|
| Q we know from the records that                         |   |
| we have reviewed and the witnesses we have interviewed  |   |
| that you played a significant role in the development o | f |
| the southern front military forces. Who gave you your   |   |
| inchmistians measuring the southern front?              |   |

A Well, first of all, let me start by saying that, the exercise of privilege aside, I appreciate the opportunity to explain exactly what my role was. Your question uses the word "developed". That isn't quite a clear description of my role in working with the southern military front of the Nicaraguan resistance.

Q Well, why don't you just describe what your role was?

A To briefly describe it -- I think we'll get into it and we'll get into it certainly as my testimony goes on -- is that it begins with July, 1984, when I arrived and assumed command of the CIA station And by that time there had already been a southern front, primarily under the direction of Eden Pastora, with a smaller military force under the

My arrival came after the Boland Amendment had taken effect and, therefore, my responsibility was essentially to maintain contact with these people over

direction of Fernando Negro Chamorro.



# UNGEASSIEIED

| 1  | whom we had questionable control at any time during their |
|----|---|
| 2  | development prior to my arrival there.                    |
| 3  | So, it was basically an intelligence                      |
| 4  | collection operation to determine what they were doing.   |
| 5  | And as time progressed, of course, we developed more and  |
| 6  | more expertise in learning what they were doing. But to   |
| 7  | say there was any control on our part would be            |
| 8  | inaccurate, even at times ludicrous, given the nature of  |
| 9  | these people and their circumstances at that time.        |
| 10 | Q Well, it was more than just an intelligence             |
| 11 | collection operation, wasn't it?                          |
| 12 | A Yes. The other half of it was political                 |
| 13 | action activities,  |
| 14 |   |
| 15 |   |
| 16 | So, it was sort of keeping the                            |
| 17 | all together and keeping them looking at what their       |
| 18 | primary objective was, the democratization of Nicaragua   |
| 19 | rather than and to keep them apart when conflicts         |
| 20 | arose or to straighten out or mediate among the various   |
| 21 | leaders and political figures and so forth,               |
| 22 | It was  |
| 23 | different situation.                                      |
| 24 | I would say that virtually at no time did we              |
| 25 | ever have control. I certainly did my best to exert       |
|    | UNCLASSIFIED  |

 extent Mat

## IINGEASSIFIÉD

Aflowed it.

influence on them, but I was able to do so only to the

Q Let me go on here, though. It was more than just an intelligence collection operation. You were given, for example, specific instructions to separate Pastora's commanders from Pastora, were you not?

A No. I don't recall ever receiving specific instructions. I think it was my own strategy to attempt to diminish his influence with the fighting forces inside because he was so erratic, so uncontrollable, creating so many problem for the U.S. mission and U.S. policy.

In terms of a specific instruction, I don't

recall that there was a specific instruction.

Q Did you come up with a plan to subvert

Pastora's commanders from Pastora?

A Well, it was sort of an evolution. In terms of that's what -- we recognized -- let me stop. We recognized that inside Nicaragua there were approximately, well, over a period of time, from to maybe fighting men who still had nominal allegiance to Eden Pastora, nominal in the sense that he remained either on the border



| 1   | And, by radio he would exercise his he                   |
|-----|--|
| 2   | would exercise demagoguery over his people inside, and   |
| 3   | coincidentally in terms of, in political terms, the need |
| 4   | to have Negro Chamorro, the man who was, and with his    |
| 5   | small group of fighters about                            |
| 6   | Q Excuse me, My question to you                          |
| 7   | was did you come up with a plan to separate Pastora from |
| 8   | his commanders?  |
| 9   | A The question is too specific. I would say              |
| ο , | that I would like to think I did. Let me put it that     |
| 1   | way. But I think it was probably an evolved plan.        |
| 2   | Q Who did you discuss the plan with?                     |
| 3   | A Oh, with the officers in my station, with              |
| 4   | headquarters officers. The more we could diminish        |
| 5   | Pastora and get Negro Chamorro and his forces inside to  |
| 6   | link up with the other forces, it created a more solid   |
| 7   | political situation.                                     |
| 8   | . The difficulties that Pastora presented to us          |
| 9   | in political terms simply created a very erratic,        |
| 0   | unstable political situation. He was always the fly in   |
| 1   | the cintment, in political terms. So as we tried to      |
| 2   | maneuver Negro and his forces to leave                   |
| 3   | encourage them to follow what had been the political     |
| 4   | theme of the democratization or the pressure on the      |
|     |  |

## UNCLASSIFIED

| meant | an  | edniv  | lent   | reduct: | ton 1 | n the  | presence | the  |    |
|-------|-----|--------|--------|---------|-------|--------|----------|------|----|
| posit | ion | of Pas | stora. |         |       |        |          |      |    |
|       |     | Now    | Pasto  | ra was  | the   | nomina | l leader | . Th | ٠. |

Now Pastora was the nominal leader. The commanders inside had a dialogue with him by radio and so forth, but in terms of military operations it was the commanders inside who made their own decisions.

Q I'm not asking you to explain the way Pastora related to his commanders. My question was simply did you come up with a plan, and I understand, your answer to be, yes, but you consulted with other people about the plan. Is that right?

A Again, I am at a loss to answer your question specifically, and I am certainly not trying to be evasive. It's just that as these discussions took place, as this thing, as this sort of nebulous situation became more definitive, I can say, sure, I discussed it with headquarters officers. There was cable traffic on it. But to say that there was an A, B, and C, no.

Q Let's do it this way. You became Chief of Station in July of 1984. What was your assignment immediately prior to being Chief of Station?

A I was Chief of the Central American Task Force. That meant I was responsible for all of the non-military activities of the Central American countries, primarily

| 1  | dealing with press, propaganda, political action          |
|----|---|
| 2  | operations, political programs in other words, dealing    |
| 3  | with all of the problems and so forth surrounding the     |
| 4  | Nicaraguan resistance primarily and how they impacted on  |
| 5  | the other Central assesses political eltustions           |
| 6  |   |
| 7  |   |
| 8  | Q Was pour immediate superior?                            |
| 9  | ' A Yes, he was.  |
| 10 | Q And Dewey Clarridge was Chief of the Latin              |
| 11 | American Division at that time?                           |
| 12 | A For a period of time. I don't recall exactly            |
| 13 | when he left, but for the most part while I was there,    |
| 14 | yes.  |
| 15 | Q Do you know why you were chosen to be Chief of          |
| 16 | Station   |
| 17 | A Well, one likes to think that I was the best            |
| 18 | candidate for the job.                                    |
| 19 | Q Who informed you that you were chosen to be             |
| 20 | Chief of Station?   |
| 21 | A Dewey Clarridge, the Division Chief.                    |
| 22 | Q Did you have any discussions with Dewey                 |
| 23 | Clarridge at that time about what you were supposed to be |
| 24 | doing regarding the Contras                               |
| 25 | A Well, to conduct all of the headquarters-               |
|    | UNCLASSIFIED  |

| ٠ | - |
|---|---|
| т | J |

| 1  | directed operations and to continue the onfgoing program |
|----|--|
| 2  | as they existed at that time. Of course, this was in th  |
| 3  | aftermath of both the Boland Amendment and the bombing   |
| 4  | attack on Pastora.                                       |
| 5  | Q What was the status of the military movement           |
| 6  | in the southern front when you became Chief of Station?  |
| 7  | A Poor, and it got worse.                                |
| 8  | Q How many men were in the field in July of              |
| 9  | 1984?  |
| 10 | λ Inside Nicaragua Pastora claimed                       |
| 11 | never thought there were more than to                    |
| 12 | the camps there were perhaps another-                    |
| 13 | 300 to 500.  |
| 14 | Q Who was in charge of the military operations           |
| 15 | for the southern front at that time?                     |
| 16 | A Do you mean the station officer responsible?           |
| 17 | Q Who was the Contra leader in charge of the             |
| 18 | military aspect of the southern front?                   |
| 19 | A Negro Chamorro for his group, and Eden Paston          |
| 20 | for his group.   |
| 21 | Q Were they working together or were they                |
| 22 | entirely separate forces?                                |
| 23 | A Entirely separate. Well, entirely separate.            |
| 24 | I guess there was some contact from time to time.        |
| 25 | Pastora nominally had brought Chamorro into his group,   |
|    | UNCEASSIFIED   |

14

| 1  | but it was more of a case of compassion on Pastora's par |
|----|--|
| 2  | because Negro Chamorro didn't really                     |
| 3  | have control of his people, and so Pastora had agreed to |
| 4  | bring or agreed with Negro to bring him into his group.  |
| 5  | But after the bombing attack on his camp                 |
| 6  | on May 31, 1984  |
| 7  | Q Who is "his camp"?                                     |
| 8  | A Pastora's camp. Pastora, of course, was                |
| 9  | severely injured and that's when things kind of started  |
| 10 | unravelling for him.                                     |
| 11 | Q How were those troops being supplied in                |
| 12 | July of 1984?  |
| 13 | A Those troops had been supplied by CIA prior t          |
| 14 | the Boland Amendment cut-off and they received massive   |
| 15 | resupply, I guess, in the early part of 1984 and they    |
| 16 | lived on that for quite a while. Then Pastora had his    |
| 17 | own sources in the Christian Democratic Movement, the    |
| 18 | Social Democratic Movement, through Latin America and    |
| 19 | some help from   |
| 20 | and some help, I guess, from                             |
| 21 | Cuban-Americans in Miami, but none associated with CIA.  |
| 22 | Q It was clear to you when you became Chief of           |
| 23 | Station in July that the CIA money was running out and   |
| 24 | the CIA was not going to supply the Contras again for at |
| 25 | least a year, isn't that right?                          |

MELASSIFIED

15

| 1  | A I believe that at that time CIA money had              |
|----|--|
| 2  | already run out. I gave no money from the time I assumed |
| 3  | command to official CIA funds we're talking about, of    |
| 4  | course; it's not my money.                               |
| 5  | Q The money had run out, right?                          |
| 6  | A I'm almost sure. I don't know, but all I can           |
| 7  | tell you is I did not disburse funds to Pastora after I  |
| 8  | assumed command.   |
| 9  | Q Did you have any discussions with Dewey                |
| 10 | Clarridge prior to becoming Chief of Station as to how   |
| 11 | the Contras were going to be supplied once you got down  |
| 12 | there?   |
| 13 | A No, no.  |
| 14 | Q There was no discussion at all about what              |
| 15 | would happen to that southern front force without CIA    |
| 16 | money?   |
| 17 | A Well, you say did I have any discussions with          |
| 18 | Dewey Clarridge. My answer to that about that is no. I   |
| 19 | assumed and I don't know, I assume or I believe that or  |
| 20 | it was my impression at the time that they would get     |
| 21 | funds for private sources.                               |
| 22 | Q Where did you get that impression?                     |
| 23 | A I don't know. I just can't tell you because            |
| 24 | it was just an impression that they would survive, okay, |
| 25 | and that Negro and Pastora and the others would seek     |

16

| -  | support from somewhere.                                   |
|----|---|
| 2  | Q Did Clarridge say anything to you about                 |
| 3  | private sources supporting the Contras?                   |
| 4  | A I can't remember that he ever did.                      |
| 5  | Q Did you have any discussions with the Director          |
| 6  | prior to going down to become Chief of Station?           |
| 7  | A No.   |
| 8  | Q You didn't meet with him?                               |
| 9  | A No.   |
| 10 | Q Once you got your assignment?                           |
| 11 | λ No. I'm smiling because the press is alleging           |
| 12 | all sorts of things and it is simply not true.            |
| 13 | Q Isn't it customary for someone before he's              |
| 14 | made Chief of Station to have a meeting with the Director |
| 15 | before he goes down?                                      |
| 16 | A That depends. After all is not a                        |
| 17 | major station. It's not                                   |
| 18 | am only a GS-15, I am not in the senior service. It is    |
| 19 | customary for chiefs of station to be given the hail and  |
| 20 | farewell handshake, but                                   |
| 21 | Q You didn't have it.                                     |
| 22 | A I didn't have it, no. I think the last person           |
| 23 | I saw may have been the DDO, Clair George, and I don't    |
| 24 | even remember if I did.                                   |
| 25 | Q Did you have any discussions with George about          |
|    | III I AL-LAALEIF D  |

| 2 | A No, sir.   |
|---|--|
| 3 | Q Let me ask you about a meeting in August in            |
| 4 | 1984 Did you attend a meeting                            |
| 5 | Chiefs of Station in August                              |
| 6 | A Yes, I did.  |
| 7 | Q What was the purpose of that meeting?                  |
| В | A It was a regional meeting, the Chiefs of               |
| 9 | Station to discuss                                       |
| 0 | the status of their operations, the problems they were   |
| 1 | facing, and sort of an overview thing and to look to the |
| 2 | future.  |
| 3 | Q The Director was at that meeting, was he not?          |
| 4 | A Yes, he was.   |
| 5 | Q Was Clair George at the meeting?                       |
| 6 | A Yes, he was.   |
| 7 | (17) Wag Wag at the meeting? It is                       |
| 8 | my understanding that he was not.                        |
| 9 | A That's right, I don't remember him being               |
| 0 | there.   |
| 1 | Q At that time he was the head of the Central            |
| 2 | American Task Force, wasn't he?                          |
| 3 | A Yes, yes.  |
| 4 | Q In your experience, isn't that unusual for a           |
| 5 | meeting of Chiefs of Station to take place and the head  |
|   | <b>INCLASSIFIED</b>                                      |

5 Cetter Michigane Comme 18

## UNCLASSIFIED

of the Central American Task Force not to be there? 1 2 No, Clarridge was there and certainly, you know, to have everybody leave Washington at the same time, I mean, who runs the shop back home? So since 5 Clarridge was there, he is familiar, you know, all of the activities of the Central America Task Force, /40 I suppose that they decided to leave things back home. Is it safe to say that --10 That is an assumption on my part. 11 Okay. Is it safe to say at that time that it 12 was Clarridge rather than that really had the day-to-day control over Contras, CIA's Contra activities? 13 14 Yes. If you know Clarridge, the only possible 15 answer is ves. Who else was at that meeting that was not in 16 Q the CIA? 17 Colonel Oliver North. 19 Anyone else? 20 It seems to me there was somebody from State, 21 but maybe I'm mistaken. North came down with the Director, didn't he? 22 Well, I really can't say. I arrived 23 24 and they were there, you know. I met them; they

I don't know how they travelled; I assumed

| 1 | a |
|---|---|
| ٠ | , |
|   |   |

| - |  |
|---|--|
| 2 | Q Was that the first time you met Oliver North?          |
| 3 | A Yes.   |
| 4 | Q Did you find it unusual that he was, that a            |
| 5 | non-CIA person was at a Chief of Station meeting?        |
| 6 | A Well, unusual, I'm not sure that no, I                 |
| 7 | don't think so, although I had no previous experience.   |
| 8 | mean, I hadn't been to that was my first Chief of        |
| 9 | Stations meeting. Secondly, however, I would have to sa  |
| 0 | not unusual because I was aware that Oliver North had a  |
| 1 | close working relationship with Clarridge. And, you      |
| 2 | know, the fact that he was there did not seem unusual.   |
| 3 | believe that when we did our overview, station overview, |
| 4 | I don't think North was present. I think it was just the |
| 5 | Director, Clair George, and Clarridge.                   |
| 6 | Q Do you know why North was there?                       |
| 7 | A I assume because we were talking about                 |
| 8 | Nicaraguan political the Nicaraguan situation.           |
| 9 | Q What did he do when he was there?                      |
| 0 | A I don't remember him speaking other than in            |
| 1 | the exchange of ideas and views and so forth. He didn't  |
| 2 | make a presentation or anything like this, like that.    |
| 3 | You know, it just, there was no                          |
| 4 | Q Had you met North during your tour in the              |
| 5 | Central American Task Force?                             |

| 1  | A No, sir.  |
|----|---|
| 2  | Q Did you have any personal discussions with him          |
| 3  | at this meeting of August?                                |
| 4  | À Yes.  |
| 5  | Q What did you talk about?                                |
| 6  | A Well, it was not at the meeting. It was at a            |
| 7  | cocktail party on one of the evenings that we were there. |
| 8  | We were there two or three days, and during one of the    |
| 9  | evenings we had a cocktail party. I went over to him and  |
| 10 | introduced myself and told him I was from                 |
| 11 |   |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |
| 21 |   |
| 22 |   |
| 23 |   |
| 24 |   |
| 25 | Land State Calls of the Calls                             |

Pages 21 to 23
DENIED IN
TOTAL

| 1 | Q How long was that meeting with North?  |
|---|--|
| 2 | A Oh, a few minutes on the terrace during the  |
| 3 | cocktail party.  |
| 4 | Q And it was your first private discussion with  |
| 5 | him?   |
| 6 | A Yes, private. I mean in front of other   |
| 7 | people.  |
| 8 | Q What else did you talk about?  |
| 9 | . A Families, that sort of thing personal  |
| 0 | things. It's the only thing I can remember. I didn't   |
| 1 | talk about I don't recall talking about any other  |
| 2 |  |
| 3 | Q Did he say anything to you about the status of   |
| 4 | the southern front forces?   |
| 5 | A I don't recall that he said or I said anything   |
| 6 | at the time.   |
| 7 |  |
| 8 |  |
| 9 |  |
| 0 |  |
| 1 |  |
| 2 |  |
| 3 |  |
| 4 |  |
| 5 | The state of the s |
|   |  |

Pager 25

DENIED IN

# UNCLASSIFIED

| 0.0                           |                               |
|-------------------------------|-------------------------------|
|                               |                               |
|                               |                               |
|                               |                               |
|                               |                               |
|                               |                               |
| Q What else did you           | u talk about in that meeting? |
| A We went over                | aspects. I                    |
| remember because that was the | he thing I'd really boned up  |
| on since that was where I was | as weakest. I knew the        |
| Nicaraguan situation obvious  | sly from my time in           |
| Washington, and I talked abo  | out some of the major         |
| operations that we had        |                               |
|                               | that sort of thing.           |
| Q Did you talk to             | him about Pastora and his     |
|                               |                               |

- troops?
- Well, that had all been covered in the overviews.
  - Did you talk to him, though, in this private Q

| 1   | meeting about Pastora and his troops?                    |
|-----|--|
| 2 - | A I don't remember saying anything about that.           |
| 3   | Q Did he say anything to you about how the               |
| 4   | A No.  |
| 5   | Q contras were going to be resupplied during             |
| 6   | this period when the Boland Amendment was in effect?     |
| 7   | A No. I frankly can't recall anybody saying              |
| В   | anything. It was an assumption on my part, and I can't   |
| 9.  | specifically say from where, that they would survive     |
| 0   | somehow with private assistance.                         |
| 1   | Q And, to your knowledge, there was no                   |
| 2   | discussion at this meeting about how the                 |
| 3   | Contras were going to survive during the period the      |
| 4 . | Boland Amendment was in effect?                          |
| 5   | A To the best of my recollection, no, there was          |
| 6   | not.   |
| 7   | Q Were you given any instructions at that                |
| 8   | meeting as to what contacts you could and couldn't have  |
| 9   | with the Contra forces?                                  |
| 0   | A Oh, well, it was all specifically, yes, not            |
| 1   | only then, but prior to going down as a result of the    |
| 2   | Boland Amendment that it was strictly intelligence       |
| 3   | collection and keeping the political worms in the bucket |
| 4   | until, of course, Congress decided to resume funding and |
| 5   | we did not know how long with was going to be.           |

٠,

28

| 1   | Q Had you conceived of your plan to separate             |
|-----|--|
| 2   | Pastora from his commanders by that point?               |
| 3   | A No.  |
| 4   | Q When did you develop that plan?                        |
| 5   | A Much, much later. I guess it was in, if there          |
| 6   | was even, as I say, a plan, it was kind of a thought     |
| 7   | process. But when we received a report,                  |
| 8   | that the two commanders, two or three commanders         |
| 9   | inside Nicaragua had met with commanders                 |
| 10  | of the Prin  |
| 11  | and that they, on their own, sat down and signed a       |
| 12  | pact that they would cooperate with each other in the    |
| 13  | field regardless of what their political alliances might |
| 14  | be meaning that  |
| L5  | the FDN out of and the ARDE                              |
| 16  | commanders nominally under Pastora from the south, that  |
| L 7 | they agreed that in the field they would work together,  |
| 18  | and this occurred in November, 1985.                     |
| 19  | Q When you say ARDE, that included Pastora's             |
| 20  | people. It also included Blackie Chamorro's people?      |
| 21  | A No. Blackie, Negro Chamorro, had his own               |
| 22  | organization called UDN/FARN which stands for the        |
| 23  | National Democratic Union/Nicaraguan Revolutionary Armed |
| 24  | Forces. And as I say, there was a period in 1984 when    |
|     | they had sout of injury together but this dissinated     |

3

10 11

13

14 15

16

17 18

19

20

21

22

23

24

25

over the period of 1984-1985, I think mainly because

29

Pastora was sort of patronizing toward Chamorro, and it 2 wasn't really what you might call an alliance between two leaders. Q What were the names of Pastora's principal Was military commanders? one of them? Please now, you are calling back things that over the time have eluded me. believe, was under Negro Chamorro. Under Pastora there . was Q Was there a guy nicknamed was one of the field commanders. He wasn't one of Pastora's, say, headquarters staff. was a field commander inside, and there were other field commanders inside besides six to eight. Well, two of these or three of these were the ones who in November of 1985 met with

> and signed this pact. At that point the thought process crystallized, and we saw the opportunity, I saw the opportunity -- "we' // I'm talking about my station officers who were involved in this -- to capitalize on that because it was the first time that the south had ever had any kind of rapprochement with the north, with the FDN, and obviously for political reasons this brought

30

| 1  | together the things we were not able to accomplish in     |
|----|---|
| 2  | terms of Adolfo Calero and the FDN, with Alfonso Robelo   |
| 3  | and Arturo Cruz in the south.                             |
| 4  | So we thought that the political process could            |
| 5  | be stimulated by the fact that the field commanders, that |
| 6  | the patriotic objectives would form the basis for an      |
| 7  | actual political unity.                                   |
| 8  | Q That was in November of 1985?                           |
| 9  | A November of 1985, correct.                              |
| 10 | Q Let me ask you then, who is                             |
| 11 | A That is Eden Pastora.                                   |
| 12 | Q Well, isn't it true that this plan had really           |
| 13 | been conceived as early as June of 1985?                  |
| 14 | A Well, again I'm not sure that I can call it a           |
| 15 | plan.   |
| 16 | MR. LIMAN: Call it an idea for this purpose.              |
| 17 | THE WITNESS: It is a concept, and I felt that             |
| 18 | anyway that I could work to diminish Pastora's influence, |
| 19 | that that would, first of all, raise up the stature of    |
| 20 | the Negro Chamorro people who were aligned with Robelo    |
| 21 | and Cruz in the south that worked politically together    |
| 22 | with them and that then that idea and the fact that       |
| 23 | Pastora's duplicity with his own commanders could bring   |
| 24 | about an amalgamation of the military people in the field |
| 25 | and that this would give substance and support to the     |

political types

I mean, it was sort of trying to do two things at the same time. To what extent it was an idea or a plan it is very difficult to define because we had nothing, no leverage. We had no leverage whatever either on Pastora or on the field commanders because we couldn't deliver anything to them.

 $$\operatorname{MR}$.$  BARBADORO: I will get to that for a moment.

SENATOR RUDMAN: Paul, if you will suspend for a moment, our rules do not require me to stay for this examination, so I am going to excuse myself on the record. Thank you very much. I have another meeting to go to this morning.

MR. GLANNICAC: Thank you, Senator.



Now here we are one the one hand trying to

raise the political UNO to say that it really represents the broad spectrum of the Nicaraguan opposition, from the social democratics on the one side to the right-wing conservatives on the other. And yet we had those loose cannon sitting out there in the form of Pastora, who could adversely affect things that we had been working on for a considerable amount of time and put a considerable amount of effort into it.

In my capacity as Chief of Station in this particular situation, in this particular case, it was part of my responsibility in order to promote the one



|            | THE WITNESS:                                  |
|------------|---|
|            | 7   |
|            |   |
|            |   |
|            | And with Pastors, the                         |
| more that  | we could do to diminish his influence and at  |
| the same t | time elevate the influence of others, it was  |
| it served  | our objectives.                               |
|            | MR. LIMAN: When you say our objectives, whose |
| objectives | s?  |
|            | THE WITNESS: The U.S. Government's.           |
|            | MR. LIMAN: And who communicated those         |
| objectives | to you?                                       |
|            | THE WITNESS: Well, some of them I initiated   |
| and I prop | posed to headquarters, as in this particular  |
| cable.     |   |
|            | MR. LIMAN: Well, who is headquarters?         |
|            | THE WITNESS: Washington, the CIA, the Central |
| American 1 | Task Force.                                   |
|            | BY MR. BARBADORO: (Resuming) C/CATF(C)        |
| Q          | But at that point it's isn't it?              |
| A          | Well, sure.                                   |
|            |   |
| 1          | W 2.00  |
|            | HIMINISTA VISITA NEW TOTAL                    |

MR. LIMAN: So it is

35

you're talking to

| pastora, but all others, where we had political operations and there were things that I would, operation that I would propose, operations they would propose, and ask for my views on it and the constant give and take over two and one half years had God knows how many exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is |   |   |
|---|---|---|
| pastora, but all others, where we had political operations and there were things that I would, operation that I would propose, operations they would propose, and ask for my views on it and the constant give and take over two and one half years had God knows how many exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is | 3 | THE WITNESS: Sure, and let me say that this               |
| operations and there were things that I would, operation that I would propose, operations they would propose, and ask for my views on it and the constant give and take over two and one half years had God knows how many exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is   | 4 | is one of hundreds of instances, not only in the case of  |
| that I would propose, operations they would propose, and ask for my views on it and the constant give and take over two and one half years had God knows how many exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 5 | Pastora, but all others, where we had political           |
| ask for my views on it and the constant give and take  over two and one half years had God knows how many  exchanges similar to this.  We made a proposal. They said stand down on  it. Okay, we'll stand down on it. Maybe next month  there might be more propitious opportunity, and might  even say, hey, we'd like to resurrect this old idea, and  they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in  good situation between headquarters and the field. It  doesn't always work that way. Sometimes there is   | 6 | operations and there were things that I would, operations |
| over two and one half years had God knows how many exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is   | 7 | that I would propose, operations they would propose, and  |
| exchanges similar to this.  We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 8 | ask for my views on it and the constant give and take     |
| We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 9 | over, two and one half years had God knows how many       |
| We made a proposal. They said stand down on it. Okay, we'll stand down on it. Maybe next month there might be more propitious opportunity, and might even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 0 |   |
| there might be more propitious opportunity, and might  even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 1 | ·   |
| even say, hey, we'd like to resurrect this old idea, and they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is   | 2 | it. Okay, we'll stand down on it. Maybe next month        |
| they may say, hey, now is a good time to do it.  So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 3 | there might be more propitious opportunity, and might     |
| So that's part of the dialogue that works in good situation between headquarters and the field. It doesn't always work that way. Sometimes there is   | 4 | even say, hey, we'd like to resurrect this old idea, and  |
| good situation between headquarters and the field. It doesn't always work that way. Sometimes there is  | 5 | they may say, hey, now is a good time to do it.           |
| 8 doesn't always work that way. Sometimes there is  | 6 | So that's part of the dialogue that works in a            |
|   | 7 | good situation between headquarters and the field. It     |
| 9 misunderstanding. Sometimes, you know, we are not alway   | 8 | doesn't always work that way. Sometimes there is          |
|   | 9 | misunderstanding. Sometimes, you know, we are not always  |

BY MR. BARBADORO: (Resuming)

in synch. But generally, that's the way it works. So to

bring out one piece of paper and try to say, you know,

Q Whatever you want to call it. Let's call it

an idea.

did you have a plan --

1

20

21

22

23

25

about that?

UNGEASSIFIED

| was a disruptive element and what we needed to do was put |
|---|
| him aside and at the same time enhance the organization   |
| that we had that we were supporting.                      |
| Q Did the concept involve causing Pastora's               |
| commanders to break away from him and unite with the FDN  |
| forces?   |
| A That is a misconception. What happened is               |
| that in December of 1985, after this pact had been        |
| signed, the commanders came out of Nicaragua and they     |
| came out, three or four of them did, and they were of one |
| mind. They were going to confront Pastora and say 'we     |

was a concept because Pastora

support, we're going to go talk to the UNO people.

And in fact, in December they came out. We heard they came out. They did in fact meet with Negro Chamorro and Negro Chamorro's assistants. They met with

need support now. We can't take it any more. We're

being decimated in the field, and if we don't get

Alfonso Robelo

The discussions, they were the initiators. We responded to their interests and their interests were to obtain support. We could not promise them support, but what we did do was to encourage them to get back inside, to take Negro Chamorro's people with them so that there would be unification of their efforts

### UNCŁĄSSIFIED

| ٦ | 7 |
|---|---|
|   |   |
|   |   |

| 1  | in opposition to the Nicaraguan regime.                  |
|----|--|
| 2  | What Robelo may have promised them, what                 |
| 3  | Chamorro may have promised them, whether they were empty |
| 4  | promises or promises that it was something that I did    |
| 5  | not participate in.                                      |
| 6  | MR. LIMAN: Even if you didn't participate in             |
| 7  | the mass chief of station, you surely would want to know |
| 8  | what those promises were. That's part of intelligence    |
| 9  | gathering isn't it?                                      |
| 10 | THE WITNESS: Well, it was, but as it turned              |
| 11 | out  |
| 12 | MR. LIMAN: What did you find out?                        |
| 13 | THE WITNESS: I want to say that we found out             |
| 14 | that Robelo did promise them some help, but I am not     |
| 15 | certain that I can. I'm not certain that I can.          |
| 16 | MR. LIMAN: You are not certain that you can              |
| 17 | because of your memory or because that you don't want to |
| 18 | talk about it?   |
| 19 | THE WITNESS: No, no, memory. Wait a minute               |
| 20 | Everything in this room, sir. I mean, everything I'm     |
| 21 | saying is absolutely on the table. I am not in any way   |
| 22 | trying to dissemble or to be obtuse.                     |
| 23 | MR. LIMAN: That isn't want I was trying to               |
| 24 | put to you. I just wanted to know whether there were     |
| 25 | some subjects that you were just uncomfortable talking   |

38

| 2  | THE WITNESS: Sir, if there are any subjects I            |
|----|--|
| 3  | am uncomfortable talking about, I am going to tell you I |
| 4  | am.  |
| 5  | MR. LIMAN: Okay, fine, as long as we have                |
| 6  | that understanding.                                      |
| 7  | THE WITNESS: I have a problem with this in               |
| 8  | that I simply am not sure. Now I'd have to look at our   |
| 9  | cable traffic for the period of December, January        |
| 0  | December of 1985, January of 1986 to tell you that.      |
| 1  | MR. LIMAN: But you understood that the reason            |
| 2, | or one of the reasons that they were dissatisfied        |
| 3  | THE WITNESS: You're right, I misspoke.                   |
| 4  | MR. LIMAN: With Pastora was the fact that                |
| 5  | they weren't getting supplies.                           |
| 6  | THE WITNESS: You're correct.                             |
| 7  | MR. LIMAN: Now they're going to go along with            |
| 8  | Chamorro and what did you find out about the commitment  |
| 9  | for supplies?  |
| 0  | THE WITNESS: Let me clarify. My attitude was             |
| 1  | throughout this period to be as careful as I possibly    |
| 2  | could concerning matters dealing with the Boland         |
| 3  | Amendment. I wanted to be absolutely sure. I wanted to   |
| 4  | be absolutely sure of the fact. That I may not have been |
| 5  | at certain times is the nature of the business.          |

But I consciously tried not to get into a

1

3

٩

10

11

12

13

14

15

16 17

18

19

20

21

22 23

24

25

39

position where these commanders would turn to me and say or expect from me, from CIA, because they knew who I was and they knew who my officers were, to expect from us lethal support, okay? MR. LIMAN: You didn't want to promise them more than you could deliver? THE WITNESS: I knew I couldn't deliver anything. When I met with them I knew I couldn't deliver . anvthing. Yet, I did not want to be placed in the position because this was a very delicate negotiation: did not want to be placed in the position whereby if they asked, and I couldn't deliver, that what we were trying to accomplish in terms of the political unification might suffer. I frankly avoided that point with them. That's what I was trying to say when I said it before.

I frankly avoided that point with them.

That's what I was trying to say when I said it before.

Yes, we did have a responsibility, in response to your question, to collect intelligence on what was discussed between Negro and the commanders, and between Robelo and the commanders.

MR. LIMAN: But you must have seen that as quite a dilemma. One the one hand, you wanted to encourage them to join up with the UNO people, and, on the other hand, you weren't in a position to deliver

lethal aid at that point.

 THE WITNESS: That is correct, and that goes to the very crux of the matter of my responsibility at that time. I essentially was doing all of this and it reached the peak at that time in January of 1986. I was doing all of this with mirrors, the whole question of bringing these people together. We had nothing to offer them. And at the same time here we were trying to keep them pointed in that direction.

Believe me, it was not easy. I tried not to be duplications with them. I tried to be as honest as I could. Obviously, we kept hoping with each time that the issue came before the Congress that, well, three or four more months, let's see if can't last until then. And then, you know, a negative vote and you are down again. And you wait until the next opportunity.

I did tell them that we were optimistic about the April vote, which was only four some months away, the April, 1986, vote. Well, you know what happened to that one. In any case, in what I consider an act of really extraordinary good faith, they decided to bring Chamorro's troops with them back inside, or take them inside with them, into Nicaragua. And really, they were kind of, you know, betting on the fact that there would be the resumption of aid.

Resuming)

When was that? Q

1

2

3

٩

10

11

12

13

15

16

18

19

20

21

22

23

24

25

That was December, January of 1986.

Didn't you have some other leverage at that point? Hadn't the humanitarian aid started at that point?

I don't know what impression you have or what you've heard from others about the humanitarian aid, but the humanitarian aid, for all the good it did in the south, was virtually useless. We couldn't get the deliveries. People inside were unable because they didn't have adequate communications. The terrain was horrible. They were illiterate, untrained in the receiving of supplies, so the humanitarian aid, whatever there was, as it was administrated by State went through either the people there the various groups and I think we got one, maybe two

deliveries by air inside. But it was a very unsatisfactory thing. it did more than anything else was it offered false hope that was only satisfied to the commanders inside who needed a hell of a lot more than just, you know, some boots and uniforms and something. They needed everything right down to salt, aspirin, and bandaids, and --

Did they go to the field with that hope? Take

INCLASSIFIFD

| * |  |
|---|--|
|   |  |
|   |  |

|     | •  |
|-----|--|
| 2   | (A discussion was held off the record.)                    |
| 3   | MR. LIMAN: Back on the record. The whole                   |
| 4   | purpose of this inquiry is to learn.                       |
| 5   | THE WITNESS: The problem came about when                   |
| 6   | there was great optimism, great anticipation for the       |
| 7 . | people inside who had been deprived for so long to         |
| 8   | receive something that would at least enable them to       |
| 9   | survive. My anticipation, which I'm sure was               |
| .0  | communicated through me, through my officers to the        |
| .1  | resistance was, oh, now we have \$27 million that we have. |
| .2  | We can't give you guns and bullets but at least you will   |
| .3  | have, you will be able to take care of your people.        |
| .4  | And the \$27 million, whether it was                       |
| .5  | administratively misused or not misused, or however, we    |
| .6  | found that while the State Department people did as good   |
| .7  | as could be expected, there was never a substantive        |
| .8  | assistance given to the people in the southern front.      |
| .9  | . There are lots of technical reasons, I guess, why        |
| 0   | planes, flight crews, getting the stuff on a timely        |
| 1   | basis, whether it be pants and shoes and medicines.        |
| 2   | And there were instances and I can recall one              |
| :3  | where the plane full of non-lethal supplies, paid for by   |
| 4   | NHAO, had to make an emergency landing in the              |
| :5  | International Airport in the middle of the night with a    |

blown engin

I sent my deputy out to the airport and he was able to keep the crew on board. Finally, the customs people came out and said, what's on there? And the deputy sort of said, well, this is a private flight, and so forth. And then -- not indicating what it was -- but it was loaded with boots and so forth, all with stenciled markings on these big plastic bags full of supplies.

markings on these big plastic bags full of supplies.

And then, finally, when the plane took off, it again had another problem and it landed it the where it was confidented.

We helped out through our that in fact there was a flight planned for that aircraft from I mean, it was just a badly run Mickey Mouse operation. And what happened was the people inside who expected better didn't get what was expected.

BY MR. BARBADORO: (Resuming)

- Q Did they go to the field in part with the hope that they were going to be given some of this humanitarian aid?
- A Well, they were already in the field. They had been there since 1982, and they said, as they still say to this day, that with our help or without our help, they are going to continue the fight.

| 4 | 4 |
|---|---|
|   |   |

| -   | a in danada, jou bagner un agreement, et un               |
|-----|---|
| 2   | agreement was signed, with the southern front commanders, |
| 3   | was it not?   |
| 4   | À Yes.  |
| 5   | Q Who negotiated that agreement?                          |
| 6   | A We mediated it.   |
| 7   | Q Who is we?  |
| 8 . | A The station officers.                                   |
| 9   | Q Who was involved in the negotiations?                   |
| 10  | A The ARDE commanders negotiating with Negro              |
| 11  | Chamorro, and, for the UNO people, Alfonso Robelo, Negro  |
| 12  | Chamorro.   |
| 13  | Q Were there any representations made                     |
| 14  | A Maybe facilitated would be a better word than           |
| 15  | mediated.   |
| 16  | Q Okay, were there any representations made by            |
| 17  | the UNO people as to what kind of support the southern    |
| 18  | front people would get?                                   |
| 19  | A I think there was, but I can't answer with any          |
| 20  | degree of certainty. I'd have to look at the cable        |
| 21  | traffic for that period.                                  |
| 22  | Q Was there anything said about military support          |
| 23  | for them? Were they going to help them get arms?          |
| 24  | A I hesitate to say yes, but I'm not sure                 |
|     | harana The mak gove                                       |

#### IINGLASSIFIED

Q Was there anything said to them about how they were going to get food and medical supplies?

A Yes, well you know, we had -- that was another problem. You see, all of the supplies going into these people had to be done by air or by sea. It could not be done over the land for a number of reasons

Secondly, the Sandinistas: the Sandinista

milltary, controlled the border areas

The Sandinistas either patrolled or had mined all of the trails on the Nicaraguan side. We even feared that they may have crossed on some occasions because we had reports of mines going off on side.

The Sandinistas crossed over and mined parts of

wanted to send 50 100-pound bags of rice into Nicaragua, you couldn't do it by land. I mean, you couldn't put it in the back of a truck and send it up because there was



46

| 1  | no way to get it in and that was the once you got it       |
|----|--|
| 2  | across there was nobody who was going to carry             |
| 3  | it north.  |
| 4  | So all of the supplies had to go in by air.                |
| 5  | That's why we had counted so much on the Nicaraguan        |
| 6  | Humanitarian Affairs Office to provide the air delivery    |
| 7  | of the supplies.   |
| 8  | Q Did the FDN have the capacity to fly flights             |
| 9  | directly to the resistance forces in the south?            |
| 10 | A Well, they had a couple of old planes a C-               |
| 11 | 47, I think, and I think they had a DC-6, but it was lon . |
| 12 | the ground out of service more than it was up in the air.  |
| 13 | And then there was a problem with some of the pilots       |
| 14 | where they were afraid to fly in hostile territory.        |
| 15 | Well, you can imagine how much more difficult it would be  |
| 16 | to got south   |
| 17 | than it would  |
| 18 | have been from their own.                                  |
| 19 | So what we ended up with was the situation                 |
| 20 | wherehy they took the easy math was taken. Sure, they      |

So what we ended up with was the situation whereby they took -- the easy path was taken. Sure, they supplied, the \$27 million was used to supply the people it was easiest to get deliveries to. But the people who needed it so badly, the ones in the south, with the exception of one, maybe two, flights, they got nothing.

Q Was the FDN capable of flying

22 23

24

25

to

UMOLASSIFIED

| southern  | Nicaragua | and | back | without | stopping | for | fuel |
|-----------|-----------|-----|------|---------|----------|-----|------|
| somewhere | a?        |     |      |         |          |     |      |

A I think the plane is capable of flying, but I'm not sure. I mean, if the plane was in perfect operational condition, it would be capable of doing it. But, from my understanding of what those planes were like in terms of their avionics, or lack of avionics, and their age and their mechanical condition, I don't think they could have made it all the way down and all the way back.

It would have had to have been done by Nicaraguan Humanitarian Assistance people contracting with commercial companies.

Q When that agreement was reached in January did the commanders, the southern front commanders, think they were going to be supplied? What was said to them about how they were going to be supplied?

A I'm not sure. I'm just not sure. I know I emphasized the fact that the program was coming up for a vote again in April and that the resumption of support would be official support if the Congress voted the funds.

- Q Did they come out of the field in January to negotiate this agreement?
  - A Four or five commanders did. You'd have to

| 2  | Q Right. And that was negotiated                          |
|----|---|
| 3  | A (Nods in the affirmative.)                              |
| 4  | Q And then they went back into the field?                 |
| 5  | A And then they went back. Yes, I think they              |
| 6  | all went back. One or two may have stayed behind to get   |
| 7  | some medical problems taken care.                         |
| 8  | Q Weren't they going to depend on the private             |
| 9  | benefactors to resupply them in January?                  |
| 0  | A The private benefactors, to the best of my              |
| 1  | knowledge, at that time did not have their act together   |
| 2  | yet. In other words, to be able to supply them from, to   |
| 3. | be able to supply them in the south.                      |
| 4  | Q How were they going to be supplied when they            |
| 5  | went back in to fight? Who was going to give them the     |
| 6  | medicine that they needed and the food that they needed?  |
| 7  | A ' Well, we gave them I know when Negro                  |
| 8  | Chamorro's people went back in, we gave them or Negro     |
| 9  | Chamorro got from the Nicaraguan humanitarian, as much as |
| 0  | they could carry on their backs.                          |
| 1  | Q But they were going in for a long time.                 |
| 2  | A They had been in for a long time, okay? They            |
| 3  | had been in since 1982 and they had done without, with    |
| 4  | the exception of a very little bit that Pastora was able  |
| 5  | to give them. They had been living, surviving throughout  |
|    | UNCLASSIFIED  |

| T   | that period. They were really guerrillas in the true    |
|-----|---|
| 2   | sense of the word, at least much better guerrillas than |
| 3   | the people in the north in that they were able to captu |
| 4   | supplies from their adversaries.                        |
| 5   | Q Rt was clear in June of 1986, based on the            |
| 6   | messages that you were sending, that you were very      |
| 7   | concerned about these people that were out in southern  |
| 8   | Nicaragua fighting, that they may be starving to death, |
| 9   | that they had mountain leprosy. You were concerned abo  |
| 10  | that in June. Were you concerned about that in January  |
| 11  | A Yes, and the previous January. Yes,                   |
| . 2 | throughout the time I was there.                        |
| .3  | Q How did you think they were going to be               |
| .4  | supplied?   |
| .5  | A (Nods in the negative.) Until the private             |
| .6  | benefactors at the end of January, early February, were |
| ٦,  | able to, when they came, when they made, when they      |
| .8  | offered to deliver the supplies, I didn't know how they |
| .9  | were going to do it.                                    |
| 20  | Q When did you get the offer from the private           |
| 21  | benefactors?  |
| 22  | A It was late January, early February, I                |
| 23  | believe.  |
| 2 4 | Q How was the offer communicated?                       |
| 25  | A You are really testing my memory with this.           |
|     | UNCLASSIFIED  |

| •          | A . I sunder stand. now was the offer communicated:       |
|------------|---|
| 2 .        | A Either from Colonel North I guess it was                |
| 3          | from Colonel North.                                       |
| 4          | Q Do you?   |
| 5          | A Oh, yeah.   |
| 6          | Q And how was that communication accomplished,            |
| 7          | by telephone?   |
| 8          | A Yes, I think so.  |
| 9          | Q Tell me about that call.                                |
| LO         | A I was on the phone a lot with Colonel North.            |
| Ll         | And of course everybody here in Washington was very       |
| L 2        | excited, I guess, about the alliance, the pact, the       |
| L3         | agreement that had been signed among what we now call the |
| L <b>4</b> | non-aligned commanders, as to distinguish them from the   |
| 15         | ARDE commanders and Negro Chamorro.                       |
| 16         | I was on the phone frequently with North, but             |
| ۲,         | in spurts. It might be three or four weeks that would go  |
| .8         | by that I wouldn't talk to him, and then I might talk to  |
| .9         | him three or four times in a row, days in a row, and this |
| 0          | was on a secure line from the embassy to his office at    |
| 21         | the MSC. I have to assume that it was at this time,       |
| 22         | during this period, because it seems like the natural     |
| 23         | time sequence that he said that the private benefactors   |
| 24         | were prepared to deliver a plane load of supplies to the  |
| 25         | people inside HMCLASSIFIFD                                |

| E |   |
|---|---|
| J | _ |

| +  | This was after the pact had already been                  |
|----|---|
| 2  | signed and after the commanders had returned inside or    |
| 3  | at least I no longer had contact. I had no longer direct  |
| 4  | contact with the commanders. There's a point I wanted to  |
| 5  | make. Yes, okay. So he said that he had, that he could    |
| 6  | arrange, or that delivery could be arranged. Although I   |
| 7  | don't think he said that he had direct control, my        |
| 8  | impression is that he certainly would be influential or   |
| 9  | could be influential in seeing to it that the southern    |
| .0 | front got some supplies.                                  |
| .1 | Okay, I'm giving you impressions. Again, I                |
| .2 | could be off on the timing of this.                       |
| L3 | Q Let me give you a point of persone. North               |
| .4 | and his family came to vist and in December.              |
| .5 | A No. COSCA MICA  |
| 16 | Q No? You tell me the date.                               |
| .7 | A sate February, March. About then.                       |
| .8 | Q Okay. Was it before or after this visit that            |
| .9 | North told you that the private benefactors might be able |
| 0  | to help support the southern front?                       |
| 1  | λ Before.   |
| 2  | Q Okay. So you're thinking is that it probably            |
| 3  | was sometime after the agreement was signed with the      |
| 4  | southern front commanders and sometime before February    |
| :5 | when North and his family came down?                      |
|    | UNCLASSIFIED  |

| 2 | 2 |
|---|---|
| _ |   |
|   |   |

| -  | n 10 one see of my feediffeeron, fee, ngain, i          |
|----|---|
| 2  | say it's hazy. But it certainly was after the           |
| 3  | commanders.   |
| 4  | MR. LIMAN: Did he use the term private                  |
| 5  | benefactors.  |
| 6  | THE WITNESS: Private sources, private                   |
| 7  | something.  |
| 8  | MR. LIMAN: The term private benefactors                 |
| 9  | ultimately came into your vocabulary didn't it?         |
| 10 | THE WITNESS: Yes. I think it may have been              |
| 11 | me that used the word for the first time, benefactor. I |
| 12 | don't know why.   |
| 13 | MR. LIMAN: Did you know who they were, when             |
| 14 | North said that he could arrange the private airlift of |
| 15 | supplies?   |
| 16 | THE WITNESS: No, sir. And of my own                     |
| 17 | knowledge to this day, I do not know who they are.      |
| 18 | MR. LIMAN: And why did you ask North about              |
| 19 | arranging the private airlift as opposed to             |
| 20 | THE WITNESS: I don't know. No, no, it was               |
| 21 | North who offered it to us in the south. Now let me get |
| 22 | back to something else. I think I have the point I      |
| 23 | wanted to make.   |
| 24 | It was my understanding also at that time               |
| 25 | that, based on or as an outcome of the Nicaraguan       |

humanitarian assistance and the communications assistance, that it was proper for me to pass information to the resistance which would or which could be used for the safe delivery of supplies to them. Let's see, I got a bit ahead of myself.

So when North offered to arrange for the private benefactors to deliver supplies, my question was a question of is this legal, is this proper, for me. He said, well, actually all you'd be doing is passing information in terms of where the drop zones are, which would be information I would obtain from the commanders inside, and, on the other hand, to pass information to the commanders when the drop was expected, and how they should be — that they should be positioned to receive it. That seemed acceptable to me to play that role.

Now what was your other question? I thought you asked a question and then Tom \_\_\_\_\_\_ you a question.



Pages St to ST DENIED IN TOTAL

|    | UN6EA33HFIF II                                | 59    |
|----|---|-------|
| 1  |   |       |
| 2  |   |       |
| 3  |   |       |
| 4  |   |       |
| 5  |   |       |
| 6  |   |       |
| 7  |   |       |
| 8  |   |       |
| 9  |   |       |
| .0 |   |       |
| .1 |   |       |
| .2 |   |       |
| .3 |   |       |
| 4  |   |       |
| .5 |   |       |
| .6 |   |       |
| .7 |   |       |
| .8 |   |       |
| .9 |   |       |
| 0  | Q Around this time, did you have any discu    | Baiom |
| 1  | with about the building of an airstrip in Cos | ta    |
| 2  | Rica?   |       |
| 3  | A August of 1985?                             |       |
| 4  | Q Yes,  |       |
| 5  | A No. The idea I don't even think had bee     | in    |
|    | INCLASSIFIED                                  |       |

Page 60 DENIED IN

|      | UNCLASSIFIFD  |
|------|---|
| 1    | ACT - MANAGEMENT -                                      |
| 2    |   |
| 3    |   |
| 4    |   |
| 5    |   |
| 6    |   |
| 7    |   |
| 8    |   |
| 9    |   |
| 10   |   |
| 11   |   |
| 12   |   |
| 13   |   |
| 14   |   |
| 15   |   |
| 16   |   |
| 17   | Q The Ambassador started in Costa Rica in July          |
| 18   | of 1985 ie that right?                                  |
| 19   | A Yes, correct.   |
| 20 - | Q Ambassador Tambs has testified in his                 |
| 21   | deposition that he was sent to Costa Rica with his      |
| 22   | principal instruction being the opening of the southern |
| 23   | front. Did he tell you that                             |
| 24   | A Immediately   |
| 25   | III I I I I I I I I I I I I I I I I I                   |
|      | 11101.1 4.3.31(1) 11                                    |

| v | • |
|---|---|
|   |   |
|   |   |

| -  | man are with treatments again one defense account dur alti |
|----|--|
| 2  | the deputy chief of mission at which time he said that     |
| 3  | his mission in Costa Rica was the what was it? was         |
| 4  | the establishment or the development or the support of     |
| 5  | the southern front in terms, as I understood them, of      |
| 6  | both military and political.                               |
| 7  | Q Did he say who had given him that mission?               |
| 8  | A Yes.   |
| 9  | Q Whe was that?  |
| 10 | A Colonel North.   |
| 11 | Q What else did he tell you about what North-had           |
| 12 | told him?  |
| 13 | A I don't remember,  |
| 14 |  |
| 15 | And I don't remember much more about                       |
| 16 | the meeting other than that or any more.                   |
| 17 | Q Did it surprise that an ambassador was being             |
| 18 | given an assignment to establish a southern front by a     |
| 19 | National Security Council staff officer?                   |
| 20 | λ No.  |
| 21 | Q Did you understand the Ambassador's                      |
| 22 | instructions from Colonel North to be consistent with the  |
| 23 | requirements of the Boland Amendment?                      |
| 24 | À Yes.   |
| 25 | Q How could the Ambassador establish a military            |
|    |  |

### UNCLASSIFIED

front in southern Nicaragua consistent with the requirements of the Boland Amendment?

A Well, my interpretation, as I reflect on it, and I'm not sure what my thought was then, but this is my impression of that conversation now, is that he was talking in a generic sense about the southern front, the southern front he meant in a political as well as the military, and essentially trying to do the same things I was doing in keeping the southern front military viable in terms of its position vis-a-vis the political side, and to encourage them not to lose faith, not to lose hope, that things would change as the Sandinistas demonstrated more and more the totalitarian aspects and that the Congress would get -- that's what I would have understood it to mean.

I certainly didn't infer from what he said nor did I think he meant to imply that there was any kind of violation of the Boland Amendment intended.

Q So you took his instructions to be to give moral support to the military forces in the south and nothing more until Boland was changed?

A Well, to support my operational activities.

My operation activities, that he would do whatever was necessary in support of what we had as specific operational objectives, that being to keep the political

worms in the bucket at that -

64

5 6 7 At any point in 1985 did you tell the 8 Ambassador about the CIA's plan not to have contact with Pastora and to separate him from his commanders? The Ambassador was well aware of my efforts to 10 elevate the status of UNO and to diminish the status of 11 Pastora. 12 13 Okay. In that initial meeting with the Ambassador that you described earlier did he tell you 14 15 about his desire to have a Contra resupply airfield 16 constructed in Costa Rica? 17 No, I don't recall that. Q Did you have discussions with the Ambassador 18 in which there 19 prior to August 12 20 was apparently a discussion about the building of an 21 airfield in Costa Rica for Contra resupply? There may have been in conceptual terms. 22 sure I said to him things like, you know, if we ever get 23 the money it would be great to get an airfield 24 Costa Rica to be able to resupply these people inside and 25

so forth and so on.

1

65

But I can't specifically remember it

2 I actually spoke in such definitive terms. 3 and I 5 probably did discuss in conceptual terms such a thing because he was the type of person that you could talk in conceptual terms to, and then he would suddenly run off 7 with the ball and sometimes before you could reach out to 9 him and pull him back in, he had done something or other 10 that perhaps had gone beyond, you know, just brainstorming. 11 Was it in your mind of August, 1985, that an 12 13 airfield would be helpful to the Contra resupply effort if the CIA were ever to get back into business? Absolutely. Absolutely. I mean, it was an A 15 essential in my view. 16 17 Did you ever tell that to anybody? Oh, I'm sure I did. I mean, why not? Why 18 wouldn't I have? Sure I would have. 19 Did you ever tell it to Colonel North? 20 I don't think so. August of 1985? I didn't 21 have -- I don't know. I don't think so, but I don't 22 23 know. Let me ask you this. Colonel North's travel 24 records show that on August 10, 1985, he made a one-day 25

| 2  | understanding he left on the 9th, was there on the 10th, |
|----|--|
| 3  | and came back on the 19th. Did you meet with him at that |
| 4  | time?  |
| 5  | A Did he travel with                                     |
| 6  | Q I can only tell you what his travel records            |
| 7  | show. Hang on just a minute.                             |
| 8  | A I don't know.  |
| 9  | Q Hang on just a minute.                                 |
| 10 | I will represent to you that his travel                  |
| 11 | records show that he left Dulles on August 10, arrived   |
| 12 | that day and left the next day on                        |
| 13 | the 11th. Do you recall meeting with Colonel North on    |
| 14 | that trip?   |
| 15 | A I don't have any recollection of that trip             |
| 16 | whatsoever.  |
| 17 | Q Between August of 1984, whem you first met             |
| 18 | North, and August of 1985                                |
| 19 | did you have any meetings with North?                    |
| 20 | A Although I can't give you dates, I believe I           |
| 21 | did, and to my recollection is that I met with him here  |
| 22 | in Washington a couple of times.                         |
| 23 | Q What were the purposes of those meetings?              |
| 24 | A Again, this is general impressions because I           |
| 25 | can't recall the exact discussions to keep up a          |
|    | MCEASSIFIED  |

| 1 |
|---|
|   |
|   |

| 2 | him to be very bright, articulate, charismatic. I         |
|---|---|
| 3 | enjoyed being with him. He certainly had a thorough       |
| 1 | grasp of the political dynamics involved on my side of    |
| 5 | the activities. I found that he was very sympathetic to   |
| 5 | my views concerning the political situation there.        |
| 7 | After all, he was Deputy Director of Political            |
| 3 | Military Affairs for Central America. I also knew that    |
| • | he was on this RIG, this regional, or whatever it is.     |
| ) | . Q This Restricted Inter agency Group?                   |
| L | A Yes. This Restricted Inter-agency Group. And            |
| 2 | obviously I felt that it behooved me to be able to get my |
| 3 | thoughts, give him my impressions, my views, about what   |
| 4 | was happening so that he would essentially represent,     |
| 5 | accurately represent, again in my view, the political     |
| 6 | situation in the south. So there was the personal side    |
| 7 | and there was the political side.                         |
| 8 | Q Did you decide in August of 1984 that you               |
| 9 | wanted to develop this acquaintanceship?                  |
| 0 | A No.   |
| 1 | Q When did you decide that you wanted to develop          |
| 2 | this relationship with Colonel North?                     |
| 3 | A I think several months after that I was up              |
| 4 | here and I just gave him a call, as I do with people. I   |
| 5 | call them up to say hi, how are you, why don't we get     |
|   | UNCEASSIFIED  |

| -          | together for a peer.                                     |
|------------|--|
| 2          | Q When was the next time you recall meeting with         |
| 3          | him after August of 1984?                                |
| 4          | A I don't know.  |
| 5          | Q And do you think you saw him maybe twice up            |
| 6          | here?  |
| 7          | A Yes, two or three times. I'd, you know, have           |
| 8          | a beer near my hotel or at my hotel or something like    |
| 9          | that. He'd come by on his way home from work. We'd stop  |
| 10         | and shat about things, that's all. I think once I did go |
| 11         | over to the NSC office, but I'm not sure when that took  |
| 12         | place 1984, 1985, 1986. There was once in 1986, but I    |
| L3         | don't remember when before that.                         |
| L <b>4</b> | Q When was the first time you recall meeting             |
| L5         | with him in  |
| L <b>6</b> | A When he travelled in Becember of 198                   |
| L7         | Q With McFarlane?  |
| L <b>8</b> | A Yes.   |
| L9         | Q That's 1985.   |
| 20         | A No, it was December of 1984.                           |
| 21         | Q You're right, excuse me. Poindexter was                |
| 22         | December of 1985.  |
| 23         | A That's correct - Foindexter and North.                 |
| 24         | Q Yes.   |
| 25         | λ December of 1985.                                      |
|            | UNCLASSIFIED   |

| ī    | Q 50 the next time you saw North was in Decembe         |
|------|---|
| 2 .  | of 1984. The next time you saw him in was in            |
| 3    | December of 1984%                                       |
| 4    | A That is correct.                                      |
| 5    | Q And you saw him perhaps a couple of times             |
| 6    | after that up in Washington?                            |
| 7    | A After August of 1984.                                 |
| 8    | Q After December of 1984?                               |
| 9    | A After December of 1984? Let me think about            |
| 10   | that,   |
| 11   | (Pause.)  |
| 12   | Yes, yes, I guess, I'm not sure.                        |
| 13   | Q During any of those meetings did you discuss          |
| 14   | with him the status of the southern front forces?       |
| 15   | A Of course.  |
| 16   | Q Did he give you any indication as to how they         |
| 17   | might be resupplied during the period the Boland        |
| 18   | Amendment was in effect?                                |
| 19   | A No. Not that I recall.                                |
| 20   | 'Q He didn't mention to you at that time the            |
| 21   | possibility of private sources being used to supply the |
| 22   | Contras?  |
| 23 . | A No. You know, I can't definitively answer             |
| 24   | that question, but my impression is that he did not.    |
| 25   | Q Did you discuss with him in any of these              |
|      | INCLASSIFIED  |

### UNGLASSHFED

meetings your belief that an airstrip needed to be constructed in Costa Rica if the southern front were to be properly resupplied?

A I would have to give the same answer to that question. Until, of course, this August of 1985 period, I don't think the question of an airstrip came up at any time before Tambs arrived in Costa Rica, okay? That's July of 1985. My impression would be it just wasn't, it wasn't a viable thing, all right, to even have discussed it.

And the other point was Pastora's people were still Pastora's people. Chamorro's people weren't inside. If there was any talk of it -- and my impression now is that there wasn't, and I could be mistaken, but my impression is that there wasn't -- it was because it simply wasn't viable yet.

Q By August 12 it had apparently become viable
"Is that right?

A Well, it was viable as far es Ambassador Tambs

is concerned, okay?

If it came up with him, and gee, wouldn't it

71

| T   | be great if, you know, we could get something ready now  |
|-----|--|
| 2   | for whenever we get the resumption of funds and so forth   |
| 3   | and so on. And there was obviously, and this is an   |
| 4   | important point to make, a great deal of tension at least  |
| 5   | from our perspective, mine, the CIA station chief, and on  |
| 6   | his part because the presence of these people  |
| 7   | had, and I certainly must have added to the  |
| 8   | Ambassador's concerns, because these people were creating  |
| 9   | met a difficult alternion  |
| LO  | The state of the s |
| 11  | Company of the Compan |
| 12  | sin's per per these people wither control?   |
| 13  | Can't you do it, look, they just do this and that, I mean  |
| 14  | it was just one headache after another.  |
| 15  | Q So you had to find a way to get them into  |
| 16  | Nicaragua  |
| 17. | A I wanted them out  |
| 18  | were going to get in?  |
| 19  | They certainly had to get  |
| 20  | their act together and their guts in place and say no  |
| 21  | more sanctuary, let's go in and fight the  |
| 2   | Sandinistas.   |
| 23  | They were extremely and that is not an   |
| 24  | overstatement they were extremely reluctant to do so.  |
| :5  | Negro Chamorro to this day that I know of has yet to get   |

| -   | wind the time I temember wedit                            |
|-----|---|
| 2   | Chamorro being inside Nicaragua was in 1983 when he       |
| 3   | crossed the border and                                    |
| 4   | attacked, if you can imagine, a guard post, a guard house |
| 5   | 30 meters or 30 yards inside Nicaragua. And then when he  |
| 6   | started to get his, when the Sandinistas counter-         |
| 7   | attacked, by ran to a belophene on the second side and    |
| 8   | dialed me in Neshington, D.E. at Langley headquarters     |
| 9   | asking for mortars!                                       |
| 0   | (Laughter.)   |
| .1  | So help me God! And I asked him, where in the             |
| .2  | hell are you calling from, and he said from the guard     |
| . 3 | post at He said, we are under attack, you need            |
| .4  | to send me arms, and I said, you've got to be out of your |
| .5  | mind.   |
| .6  | Q When was this?  |
| .7  | A 1983. This is no joke. He called our outside            |
| .8  | line.   |
| .9  | Q Some of your messages reflect that the fact             |
| 0   | that Chamorro did not have a lot of courage. Is that      |
| 1   | right, that people were concerned that it was hard to get |
| 2   | him into Nicaragua to fight?                              |
| 3   | A That is an accurate representation. Yes, sir.           |
| 4   | Well, getting back to this, if I may, if you don't mind I |
| :5  | would like to refer to some notes here that I wrote.      |

| 7 | 2 |
|---|---|
| , | J |
|   |   |

| 2      | A Immediately after the Tower Report came out           |
|--------|---|
| 3      | correct some inaccuracies that I saw in there, that     |
| 4      | question of the airstrip came up several times in the   |
| 5      | Tower Commission Report. And just to give an            |
| 6      | appreciation for what my recollection was at that time. |
| 7<br>8 |   |
| 9      | This refers to page C-12, right side of the             |
| 0      | page in the Tower Commission Report. Partially quoted   |
| 1      | as, learned of the airstrip project from a CIA field    |
| 2      | officer.  |
| 3      | MR. WILSON: That was Tambs.                             |
| 4      | THE WITNESS: My comment is this statement by            |
| 5      | Ambassador Tambs is inaccurate. According to my         |
| 6      | recollection, the continuing presence of the Nicaraguan |
| 7      | resistance elements                                     |
| 8      | constant political friction                             |
| 9      | who felt that these elements                            |
| 0      | were the responsibility of the U.S. government who had  |
| 1      | been supporting them prior to the Boland Amendment cut  |
| 2      | off.  |
| 3      | Likewise, it was recognized that these                  |
| 4      | elements would not leave their sanctuary                |
| _      | the second to working a supplied incide couthorn        |

| -          | manual ma |
|------------|--|
| 2          | doing so other than by aerial resupply, which necessitated   |
| 3          | a site in Costa Rica where the resupply aircraft could be  |
| 4          | refueled.  |
| 5          | BY MR. BARBADORO: (Resuming)   |
| 6          | Q Let me ask about this. Oh, finish that.  |
| 7          | A Coincidentally, there was a growing  |
| 8          | apprehension'  |
| 9          | thet the Sandinistas would use their   |
| .0         | silitary capebilities The  |
| .1         | Sandinistas had already attacked   |
| .2         | and did so with impunity.  |
| 13         | Since Costa Rica has no army and depends on a  |
| L <b>4</b> | constabulary for its defense, authorities felt that other  |
| L <b>5</b> | arrangements for defensive resupply needed to be   |
| L6         | considered that is, a landing field  |
| L <b>7</b> | where U.S. and other Rio Treaty pact nations could   |
| 18         | land military minocent.  |
| 19         |  |
| 20 .       |  |
| 21         |  |
| 22         |  |
| 23         |  |
| 24         |  |
| 25         | at the state of th |
|            | HAIDI ADDIESED   |



going to be used for?

Initially I envisioned it as -- let me stop Let me correct that. It my impression that at the time

there was no thought, no thought had been given either by Tambs and certainly not at that point about who would build this airstrip, okay? It was

in the idea stage. 21

1

3

7

15

17 18

19

20

22

23

How it evolved, that the airstrip could be built other than a U.S. government entity, it seems to me that that came draw the limbs said, why don't we raise it with colonel North, with Mile. Now, I am not

| •          | aute of that, oray: And I'm not aute that it was even     |
|------------|---|
| 2          | discussed at that time. It just seemed like a good idea   |
| 3          | to think about.   |
| 4          | MR. LIMAN: You're not sure about what that                |
| 5          | he suggested that it be raised with North?                |
| 6          | THE WITNESS: In answer to Mr. Barbadoro's                 |
| 7          | question, there is, or I infer that he's trying to, or    |
| 8          | what's he getting at is how, what was the thinking behind |
| 9          | this at that point. I don't think that there was. I       |
| LO         | recall what happened subsequently, but at that point it   |
| 11         | was gee, it would be great if we got their approval, as   |
| L2         | though that was the first thing to do.                    |
| . 3        | But there wasn't really anything after that as            |
| L <b>4</b> | to, well let's it was                                     |
| .5         | sort of to get them on board, and then we'll figure out   |
| .6         | it will be done.  |
| .7         | BY MR. BARBADORO: (Resuming)                              |
| 8          | Q In August it was a concept; you didn't have             |
| 9          | the details down.   |
| 0          | A That's right.   |
| 1          | Q But the concept was to have an airfield for,            |
| 2          | and resupply depot for the Contras, wasn't it?            |
| 23         | A And   |
| 4          |   |
| :5         |   |
|            | [[[V]++A-A-A-A-A-A-A-A-A-A-A-A-A-A-A-A-A-A-A              |

|     | UNGLASSIFIED   |
|-----|--|
| 1 . |  |
| 2   |  |
| 3   | the same of the sa |
| 4   | Q Who was going to do the resupply? That's my  |
| 5   | question.  |
| 6   | A CIA.   |
| 7   | Q Wasn't the Boland Amendment in effect?   |
| 8   | A Oh, yes, yes. But please keep in mind that   |
| 9   | throughout this period there was always the optimistic   |
| .0  | view that within the foreseeable future forces, political  |
| 1   | forces, would be marshalled in Washington to overturn the  |
| .2  | Boland Amendment. Now maybe it was three months down the   |
| .3  | road or six months down the road. I don't think any of   |
| .4  | us could have survived in that job without feeling that  |
| .5  | way, okay?   |
| .6  | Q So it was your hope that once you got approval   |
| .7  | for this that it could be constructed somehow or that  |
| .8  | when the CIA got back into business soon it would be used  |
| .9  | for resupply?  |
| 0   | A Thirtie Figure   |
| 1   |  |
| 2   |  |
| :3  |  |
| 4   |  |
| :5  |  |
| 17  | ###ODITIEU   |

|             | UNITESSIFE                                     |
|-------------|--|
|             |  |
|             |  |
|             |  |
|             | I added, I said I wanted no Nicaraguan to e    |
| know about  | t the existence of this base                   |
|             | the air base.                                  |
|             | MR. LIMAN: By Nicaraguan, you included         |
| Contras?    |  |
|             | THE WITNESS: That's who I was talking about    |
| okay?       |  |
|             | MR. LIMAN: Okay.                               |
|             | THE WITNESS: Contras. Because I mean the       |
| is no such  | thing as a secret among the Contras. And       |
| my mind i   | f this was to be a viable CIA air operation,   |
| minute we   | told the Contras that such a place existed,    |
| there would | ldn't be an air operation. There wouldn't be   |
| anything a  | secret about this plane.                       |
|             |  |
|             | 1 was clearly think                            |
| ahead to    | the point where we, CIA, would be able to have |
| secret pla  | ace that was not known to the Contra element   |
|             | BY MR. BARBADORO: (Resuming)                   |
|             | I understand. Now tell me, when did you f      |
| get an ide  | ea as to how this air tield was actually goi   |
| to be bui   | UNGLASSIFIED                                   |

don't recall -- the Ambassador called me into his office and he said there is somebody here I want you to meet.

So I want in and there was a young man sitting in front of his desk and he introduced him to me as Rob Owen.

I had heard about Rob Owen. We had numerous reports about Rob Owen's activities in Costa Rica with his contacts with the various Contra elements. However, we had no contact with him nor were we really interested in contact with him because he was an American citizen.

Q Did you know that he was associated with North at this time?

A I did not know that he was associated with North. I assumed that it was the Ambassador who told me that he is associated with North. That was the first definitive information I had that there was a definite relationship between North and Owen.

Q Tell me what happened at that meeting.

A Now, to this day I still don't know, although I have officially first-hand knowledge of who Rob Owen was working for. I have read in the newspaper that he was working for a firm here in Washington. But I didn't know it then. And until he eventually went to work for the State Department's Nicaraguan Humanitarian Assistance Office, I didn't know.

| 1              | Q Tell me about that meeting.                             |
|----------------|---|
| 2 .            | A At that meeting, to the best of my                      |
| 3              | recollection, the Ambassador waised the issue of building |
| 4              | the airstrip with Rob Owen with words to the effect of    |
| - <b>5</b> 📜 💯 | why don't you take a trip up there and have a look at it. |
| 6              | Q Had a site already been chosen?                         |
| 7              | A   |
| 8              | minutes. The only site they ould be adequate in           |
| 9              | all of Chets Rica for this become of its isolation.       |
| 10             |   |
| 11             |   |
| 12             |   |
| 13             |   |
| 14             |   |
| 15             |   |
| 16             |   |
| 17             |   |
| 18             |   |
| 19             |   |
| 20             |   |
| ,21            |   |
| 22             |   |
| 23             |   |
| 24             |   |
| 25             |   |
|                | THOUGH A SPECIAL CONTRACTOR                               |

81

| 1   |   |
|-----|---|
| 2   |   |
| 3   |   |
| 4   | Getting back to the meeting, Rob Owen agreed      |
| 5   | to go up and take a look at this sits.            |
| 6   |   |
| 7   |   |
| 8   |   |
| 9   |   |
| 10  | This was before the land had been purchased       |
| 11  | from Hamilton?                                    |
| 12  | A Oh, yes. This was just to look at               |
| 13  | just to take a                                    |
| 14  | look at the place.                                |
| 15  | Q And Tambs asked you to go with Owen to look at  |
| 16  | the site?   |
| 17  | A I can't say that he asked me. I can't say how   |
| 18  | it developed. The same the I would accompany Owen |
| 19  | op there  |
| 20  |   |
| 21  |   |
| 22  |   |
| 23  | (   |
| 2 4 |   |
|     |   |

So we went up, flew up there in the

82

| 2          | nelicopter.   |
|------------|---|
| 3          | Q Who was with you?                                       |
| 4          | 4   |
| 5          |   |
| 6          | So there was  |
| 7          | Rob Owen, myself, and the pilot.                          |
| 3          | And we flew up to the site, and Rob walked it and took    |
| 9          | photographs of it with a 35 millimeter camera. And then   |
| LO         | we filew around the area and then we returned             |
| 11         | I later learned he took those films and delivered them to |
| .2         | Colonel North.  |
| .3         | Q Did you have any discussion with Owen about             |
| L <b>4</b> | how the strip was going to be built?                      |
| .5         | A I don't remember. Well, yes, I guess we must            |
| .6         | have. But there was only one way to build it because the  |
| .7         | thing had hills or a mountain on each side and was sort   |
| .8         | of an elongated canyon. And there was only one now        |
| .9         | somebody had said that former General Somoza of Nicaragua |
| 0          | had a farm near there and that he used to land a plane    |
| :1         | there whenever he came to spend his weekends. I am not    |
| 22         | sure if that's true.                                      |
| 13         | But the land was generally level. There was               |

UNCLASSIFIED

that would have had to have been knocked down.

stream bed running through it. There were some trees

24

| e | ٠. |  |
|---|----|--|
|   |    |  |

| 1  | was totally isolated.                                     |
|----|---|
| 2  | MR. LIMAN: How did you learn that Owen took               |
| 3  | the films and delivered them to North?                    |
| 4  | THE WITNESS: Colonel North told me after he               |
| 5  | received them and saw them. And that's where the          |
| 6  | BY MR. BARBADORO: (Resuming)                              |
| 7  | Q Did Owen tell you who was going to build the            |
| 8  | strip?  |
| 9  | A No, sir. That's really the end of Owen's                |
| .0 | participation. Now let me just complete the contact with  |
| 1  | Owen so that we don't misunderstand. Owen didn't have     |
| .2 | anything to do with that activity after that. Owen        |
| .3 | amazingly, in my view, had contact with a very wide       |
| .4 | circle of people in the resistance movement. And what's   |
| .5 | amazing about it is that he doesn't speak Spanish. But    |
| .6 | he is a very engaging, highly intelligent individual.     |
| 7  | And he wins people over. He knows how to ask questions.   |
| 8  | And so, when the Ambassador introduced him to             |
| 9  | me, I asked him about his interest in these people and he |
| 0  | said, well, he just keeps in touch with him, that he had  |
| 1  | been a long time friend of John Hull, and through John    |
| 2  | Hull he had met a lot of these individuals                |
|    |   |

23

25

Subsequently he volunteered a lot of information to us, operational information, especially

### UNCLASSIFIED

| about the little conflicts among some of the groups the |
|---|
| we really didn't have a good handle on. We found his    |
| information to be accurate in most cases. We found the  |
| his, and we did not task him because we couldn't; as a  |
| American citizen, he was merely volunteering this stuf  |
| to us and we couldn't use him for intelligence          |
| collection. But it was clear that his interests were    |
| agentially our interests                                |

And at one point I recall saying that he sure would like to recruit this guy that a sure would like to recruit this guy that a sure would like to recruit this guy that a sure would like to recruit this guy that a sure would like to recruit this guy that a sure would like to recruit this guy that a sure would like the sure would like the sure would like the sure would like the sure would like to recruit this guy that he saying that he sure would like to recruit this guy that he saying that he sure would like to recruit this guy that he saying that he say in the saying that he say in the saying that he saying that he say in the saying that he saying that he say in the saying that he say in the saying that he say in the s

That's when, when he did that, then we did have a much more operational relationship. We were able then to ask him a lot of questions about things that before we could only get from him on a voluntary basis. After the Nicaraguan humanitarian affairs thing, I don't think we had any contact with him at all.

Q Let's go back to the visit at the site of the airstrip. Did you tell anybody in headquarters that you had gone to look at the site of the airstrip?

A No. If I did, it would be in cable traffic,



|     | INCHASSHIED  |
|-----|--|
| 1   | and I don't recall writing a cable about it.             |
| 2   |  |
| 3   |  |
| 4   | So I don't know. I don't know if I did a follow-up or    |
| 5   | not.   |
| 6   | Q Did you tell North that you had been out to            |
| 7 - | look at the airstrip?                                    |
| 8   | A Oh, he knew it because Owen had returned from          |
| 9   | Costa Rica and gave him the film.                        |
| 0   | Q When did you meet this fellow who identified           |
| 1   | binesis as Oinstead?                                     |
| 2   | A squetime after Worse told me he had received           |
| 3   | the films of the strip. But I'm not sure of the sequence |
| 4   | of things. North told me that he was sending somebody    |
| 5   | down to look into the possibility of building the        |
| 6   | airstrip, which, of course, was kind of precipitous, in  |
| 7   | my view, given the fact that we still didn't have, that  |
| 8   | we hadn't resolved the Boland Amendment problem yet.     |
| 9   | Q Let me stop here and go back to something.             |
| 0   | A At that point he sent Olmstead down.                   |
| 1   | Q When did this conversation with North take             |
| 2   | place when he told you about the films?                  |
| 3   | A Shortly after Owen returned and it was by              |
| 4   | phone.   |
| 5   | Q Did he initiate the call or did you?                   |
|     | INCLASSIFIED   |

| 6 |
|---|
|   |

| 1  | A Oh, I wouldn't know, because we were on the             |
|----|---|
| 2  | phone frequently, on the secure line. Either he had a     |
| 3  | question to clarify or I had something that I wanted to   |
| 4  | bring to his attention. And, as I said, there were        |
| 5  | periods were we would go weeks without talking to each    |
| 6  | other and then some matter would come up which was of     |
| 7  | some import and I'd get on the phone and I'd say, you     |
| 8  | know, be sure you are aware that this is going on or that |
| 9  | is going on.  |
| 10 | And maybe as a part of one of those                       |
| 11 | conversations either way, he could have said, he did say, |
| 12 | oh, look, a got the film.                                 |
| 13 | Q Tell me as best as you can remember what he             |
| 14 | said about the films.                                     |
| 15 | A That he had the films and the place looked              |
| 16 | like it might well be suitable for an airstrip. That he   |
| 17 | was going to send this fellow down to take a look at it.  |
| 18 | That's what I remember.                                   |
| 19 | Q And what did you understand he was going to do          |
| 20 | about this airstrip?                                      |
| 21 | A Well at that point, nothing. I mean, it                 |
| 22 | wasn't even it was only a conceptual thing.               |
| 23 | MR. LIMAN: Do he say he was sending someone               |
| 24 | down to make some plans for building it?                  |
| 25 | THE WITNESS: Well, that was really                        |

1

2

3

4

5

10

11

12

13

14 15

17

18 19

20

22

23

24

25

funds.

getting his funds?

#### MR. LIMAN: Later? THE WITNESS: Yes, that was later. MR. LIMAN: He didn't talk to you about funds in the phone call for building it? THE WITNESS: He never talked to me about MR. LIMAN: Never said --THE WITNESS: Never said. MR. LIMAN: Never said I will get the --THE WITNESS: Never said a word to me about funds at any time. And that's --MR. LIMAN: Did he ever make a point of saying to you that I'm never going to talk about funds with you? THE WITNESS: No, sir.

THE WITNESS: No, sir. MR. LIMAN: He never told you don't ask me?

MR. LIMAN: Did you ever ask him where he was

THE WITNESS: No, no. Let me, let's get to that for a moment. It was a matter of assumptions on my

part, perceptions -- okay? He talked about people

without identifying them -- that there were people who were supportive -- and he used euphemisms -- supporters,

the private supporters, things like that.

MR. LIMAN: Patriotic Americans?



| 2    | Americans.   |
|------|--|
| 3    | MR. LIMAN: Okay.   |
| 4    | THE WITNESS: But in terms of cost, what would            |
| 5    | it cost, that funds would come from A, B, or C, no, that |
| 6    | in terms of that, okay. I did later learn in very, in    |
| 7    | sort of a very nebulous way, that when they eventually   |
| 8    | "they", the private, the good Americans made the deal    |
| 9    | with Hamilton, that the arrangement and I'm not really   |
| 10   | clear on this that the arrangement was purchase for      |
| 11   | \$50,000 for the property, with a second \$50,000 in the |
| 12   | second year.   |
| 13   | However, if they didn't come up with this                |
| 14   | \$50,000 in the second year, then some sort of a         |
| 15   | lease/note thing would come about and that the owner     |
| 16   | would repossess the property.                            |
| 17   | MR. LIMAN: The owner was Hamilton, because we            |
| 18   | have another Hamilton who's the Chair on the House       |
| 19   | Committee. This is a different Hamilton.                 |
| 20   | THE WITNESS: Yes. For the record.                        |
| 21 . | MR. BARBADORO: Do you want to take a lunch               |
| 22   | break and come back in half an hour, 45 minutes?         |
| 23   | (Whereupon, at 12:45 p.m., the taking of the             |
| 24   | instant deposition recessed, to reconvene at 1:30 p.m.   |

| 1        | AFTERNOON SESSION                                      |
|----------|--|
| 2        | (1:33 p.m.)  |
| 3        | Whereupon,   |
| 4        |  |
| 5        | the witness herein, having been previously duly sworn, |
| 6        | was further examined and testified as follows:         |
| 7        | EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resum  |
| 8        | BY MR. BARBADORO:                                      |
| 9        | before we broke for lunch, I                           |
| LO       | had asked you about when you first heard that this     |
| 11       | Olmstead fellow would be coming down to Costa Rica. C  |
| L2       | you tell me when you first learned of that?            |
| L3       | A Sometime after Owen had returned with the            |
| L4       | photographs and Colonel North mentioned that he was    |
| L5       | sending someone down to look into the possibility of   |
| L6       | this, constructing an airstrip at this site.           |
| L7       | Q Can you give me a month as to when you went          |
| L8       | out to look at the airstrip with Owen?                 |
| L9<br>20 |  |
| -        | A Sweet was Contained                                  |
| 21       | A Rough guess, September.                              |
| 22       | Q Okay. How about a guess or estimate as to            |
| 13       | when it was that Olmstrad come down?                   |
| 24       | A Sum worth  |
| 25       | Q Did North mention a name of a person to you          |
|          | UNCLASSIFIED   |

|    | the state of the s |
|----|--|
| 2  | A Yes, he said he would be coming down,  |
| 3  | mentioned the name of the person, and then he said that  |
| 4  | he would I don't recall if North told me what name he  |
| 5  | would be using or if it was Olmstead himself who told me   |
| 6  | that he was using the name Olmstead, okay.   |
| 7  | Q Did North give you the guy's real name?  |
| 8  | A Yes.   |
| 9  | Q What was his name?   |
| 10 | A To the best of my recollection it was Haskell  |
| 11 | or Hastings or the H-A-S or H-A-Z sound was I think it   |
| 12 | was Haskell'.  |
| 13 | Q You think it was Haskell?  |
| 14 | A I think it was Haskell.  |
| 15 | Q How long after this phone call   |
| 16 | A Do you know his name? I mean, just out of  |
| 17 | curiosity.   |
| 18 | Q I believe it's Haskell. I do know his name   |
| 19 | and I think you're right, it is Haskell. What else did   |
| 20 | he tell you about this person?   |
| 21 | A That he would be the responsible person for  |
| 22 | looking into dealing with the owner of the property.   |
| 23 | We're getting ahead of ourselves, though.  |
| 24 | At some point after Owen took the film back,   |
| 25 | but before Clmstead came down, North asked I think   |

North asked the Ambassador, because they had contact too,
or he may have asked me; I know I talked to the
Ambassador about it, but how it got to that point I don't
remember -- who the owner of the property was.

told me, that the owner of this
property was an American.

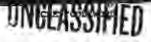
Well, because of CIA restrictions about
dealing with Americans or any contact with Americans,
unless it's, because of the matter of an intelligence

dealing with Americans or any contact with Americans, unless it's, because of the matter of an intelligence relationship, we, I don't know if you're aware of this, we have to inform an American when we talk to them who we are. So I wanted to avoid that.

told us that it was an American, and it was a fellow by the name of Hamilton, not to be confused with the Chairman, and that North asked, as I say he either asked me or he asked the Ambassador, but the Ambassador and I talked about it, could we find out, or could it be determined if he was, if Hamilton was someone who would cooperate with, who would be cooperative. I don't think -- there's no with -- who would be cooperative in terms of making this property available.

volunteered that he thought that the

fellow would be cooperative



| 1 |                                 |                 |
|---|---------------------------------|-----------------|
| М |                                 |                 |
| ш |                                 | that the fallow |
| - | med a minimax annual acceptance | V               |

Ass w bright provide the tage of

In any case, I don't know where the Ambassador found out or how the Ambassador found out -- could again have been -- that this fellow was from North Carolina. He was in the textile industry in North Carolina and he had a some sort of textile business in San Jose. So the Ambassadar called up Senator Helms' office, in my presence, and he spoke to Senator Helms' Administrative Assistant, I believe.

And he asked him or her to find out what they could determine about this individual's political attitudes -- Tambs to Helms office, either that day or the next day or the day after, at some point in there. He received a call back from Helms's office.

Q In that first call did the Ambassador say why he wanted to know this?

A He said that this is an American businessman here in Costa Rica, and that he just wanted to know something about him. So, as I said, the subsequent call back, the answer was, he's all right, we guess, because he made contributions to both campaigns. And I just happen to remember that as being kind of an unusual

| comment | by | Senator | Helms's | office. |
|---------|----|---------|---------|---------|
|---------|----|---------|---------|---------|

In any case, there was no derogatory information about the individual, that he was strictly a businessman. And then Olmstead came to town. It gets very fuzzy in here, okay. So please bear with me.

Q Did Olmstead meet with you when he came to town?

A Oh yes, when he came to town, yes. And I learned that, I forget whether he -- he had some problem with his passport, or he didn't have a passport, because you can to Costa Rica on a tourist card just showing your driver's license or some other form of identification.

And he didn't want to use his tourist card at a hotel where he would have to show some identification and he didn't want to use a credit card, if he even had one. So he asked me how he could take care of that, and I said well, just simply go into any of the smaller hotels and tell them that you were fishing up country and something, and you lost your passport and your wallet, but you have some cash, and the passport is being replaced, and they'll check you in.

And that's what he did. As I understand, he did it on subsequent visits as well. So, I'm not sure if he actually had a passport in the name of Olmstead or if — what the circumstances were in that regard.

| 1  | Summing in up, he mentalth Hamilton. He                   |
|----|---|
| 2  | negotiated a contract with Hamilton, which as I recall    |
| 3  | was, and I met with him several times after that, to      |
| 4  | receive from him a report on how it was going             |
| 5  | But I didn't participate with him in                      |
| 6  | this thing, what seemed to be a protracted negotiation    |
| 7  | through October, November of 1985.                        |
| 8  | Q Did he stay down there or did he make several           |
| 9  | trips?  |
| 10 | A No, no. He would be down there for one, two             |
| 11 | days, and then he would go back, and then he'd come back, |
| 12 | and so forth.   |
| 13 | Q Did he tell whether he was going to buy the             |
| 14 | property or lease it?                                     |
| 15 | A He did say it, but I don't remember it. It              |
| 16 | was one or the other, or a form of buy with or lease with |
| 17 | option to buy or buy with sort of a balloon note at the   |
| 18 | end. In any case, there was a point at which, as I        |
| 19 | understand from the Ambassador, from what the Ambassador  |
| 20 | told me, that Hamilton did not want to get involved with  |
| 21 | this group of businessmen that Olmstead represented.      |
| 22 | Q Did Olmstead tell you what his story was to             |
| 23 | Hamilton about what the property would be used for?       |
| 24 | A Just as a group of businessmen who are                  |
| 25 | interested in putting up a tourist resort. It's my        |
|    | UNCLASSIFIED  |

| 1  | impression that at some point, Olmstead probably gave a  |
|----|--|
| 2  | lot of winking to the guy who realized who, you know,    |
| 3  | probably asked who would be putting up a tourist resort  |
| 4  | in this place where there was no road for 20 miles.      |
| 5  | I'm trying to keep the sequence of this, the             |
| 6  | reason being that at some point the Ambassador contacted |
| 7  | Hamilton and told Hamilton that the place was to be used |
| 8  | for an activity in support of the Nicaraguan resistance  |
| 9  | and that he, Hamilton, would be doing his country a      |
| LO | service.   |
| 11 | Hamilton, as I recall the Ambassador telling             |
| L2 | me, asked about the reliability or the trustworthiness   |
| L3 | these individuals that Olmstead represented. And the     |
| 14 | Ambassador assured him that, gave him personal assurance |
| 15 | that they were of the utmost trustworthiness.            |
| 16 | Q Did Olmstead tell you who he was working for           |
| 17 | A No.  |
| 18 | Q Did he tell you where the money was coming             |
| 19 | from to pay Hamilton?                                    |
| 20 | A No. As I said, the only time a figure was              |
| 21 | raised was that figure of \$50,000, and I could be       |
| 22 | mistaken on that. And I don't know how the \$50,000      |
| 23 | worked as a mortgage payment.                            |
| 24 | Q Did you have at that time any idea where the           |
|    |  |

UNCLASSIFIED

A No, sir. In fact, I didn't hear that figure until much later. I don't think I heard that figure until much later. It's my impression that the figure of the \$50,000 came up at some time later on, not during the Clmstead discussions. Olmstead said that Hamilton was, as part of the agreement for this year or two-year, a year renewable, two for two years, agreement, that he wanted a road put in from the highway to this property which was adjacent to the coast through some of the most rugged terrain in northern Costa Rica.

And to me that would have cost an enormous, amount of money to do it. I think that originally, until they realized that how impossible this was, because these were steep canyons as so forth, that probably out of good faith, Olmstead said, had told he said that he had agreed to putting in this road.

The other thing that Hamilton insisted on was sinking a well at the site and finally, that the property met be ecologically disturbed. This was important, and in fact I supported that seemed when I heard it.

21 22 23

Not only that, along the strip of the cove



just where the airstrip was to be built, about a quarter

97

| 2   | of a mile from where the airstrip was to be built, is a   |
|-----|---|
| 3   | place where turtles come in and lay eggs, and it has been |
| 4   | a constant problem of poachers in the area coming and     |
| 5   | taking the turtle eggs.                                   |
| 6   | And so that was basically all that Hamilton               |
| 7 . | insisted on the road, the sinking of the well, and the    |
| 8   | ecological portion of it all of which Hamilton told me    |
| 9   | at one time or another. But the road                      |
| 0   | MR. LIMAN: You mean Olmstead told you that.               |
| 1   | THE WITNESS: Who did I say?                               |
| 2   | MR. LIMAN: Hamilton.                                      |
| 3   | THE WITNESS: No, Hamilton. Olmstead told me               |
| .4  | he had with Hamilton, the discussions he had with         |
| 5   | Hamilton. And what else?                                  |
| 6   | BY MR. BARBADORO: (Resuming)                              |
| 7   | Q Did this Olmstead/Haskell tell you anything             |
| . 8 | about what his relationship was to North?                 |
| 9   | A That they were good friends. North told me              |
| 0   | that thay were, that he was very, very close to this man. |
| 1   | He subsequently told me a few months later that Olmstead  |
| 2   | was a Marine Corps officer who again, I might not have    |
| 3   | it correct but that Olmstead had lost his eye and was     |
| 4   | severely wounded in the face, and the Morth brought him   |
| 5   | out from behind enemy libes is southeast heis.            |
|     |   |

 And that the bond between them was very, very close. I understood that he was an accountant, or had an accounting business. And the other thing that North said was that he was doing all of this, going down to Costa Rica and so forth, at his own expense. At some point, after I think they had, and I'm not sure of this, but after they had either made the agreement with Hamilton or just before, Olmstead came down with a soils specialist, an engineer, Rafael Quintsro.

I arranged, at their request, for these people to go up to do a survey of the area where the landing strip was to go in. I did not go with them to the site. I went with them -- I went to a place near by because I was worried about, you know, their helicopter crash or whatever these people. But I did not go to the strip with them so I don't know what they did thers.

I subsequently heard them discussing what they found, and from what I could tell of their findings, they said that the soil was not suitable, that the place was not long enough for the purpose intended, that construction in that area because of its isolation would be very difficult. It was a very negative report.

Q The purpose intended was to build the airstrip?

U<del>NCLASSIF</del>IED

99

| _  | , 100, 100, 1100, 100, 10 0000, 10 0000                 |
|----|---|
| 2  | either at the end of the negotiations or just after the |
| 3  | negotiations had been completed. And this would have    |
| 4  | been November 1985. I frankly left that when I left     |
| 5  | that meeting, I said, this thing is not going to go     |
| 6  | anywhere. There's too many negatives, too impossible t  |
| 7  | do.   |
| 8  | The next that happened was that, and I don't            |
| 9  | I've never seen Olmstead since then. The next that      |
| .0 | happened is that Quinters been down and Quinters        |
| .1 | contracted  |
| .2 | to start bringing in a grader and a bulldozer t         |
| .3 | the site, and it had to be brought in over this 20-some |
| 4  | miles of canyons and mountains. And after that Quinter  |
| .5 | just routinely told me how things were going, and none  |
| .6 | it went well.   |
| .7 | Q When did you learn that the negotiations for          |
| .8 | the purchase of the property were successful?           |
| .9 | A November or so.                                       |
| 0  | Q Did you report that to anybody?                       |
| 1  | A No. You mean to my headquarters?                      |
| 2  | Q Right.  |
| 3  | à No.   |
| 4  | Q You mentioned that Rafael Quintero came down          |
| 5  | either shortly after or shortly before the negotiations |
|    |   |

100

|    | The completion of the completi |
|----|--|
| 2  | A We're getting ahead of ourselves. You just   |
| 3  | reminded me of something. And we have to check the   |
| 4  | chronology for 1 com then desistant Secretary  |
| 5  | Abrams took over from Tony Motley as Assistant Secretary   |
| 6  | for Latin America. The reason I'm bringing this up is  |
| 7  | because  |
| 8  | MR. LIMAN: Spring of 1985.   |
| 9  | THE WITNESS: That doesn't fit.   |
| 10 | MR. BARBADORO: It was August of 1985.  |
| 11 | MR. LIMAN: That's right.   |
| 12 | THE WITNESS: That's right, it didn't fit. He   |
| 13 | came down.   |
| 14 | MR. LIMAN: He came down  |
| 15 | THE WITNESS: No, it wasn't   |
| 16 | Well, he came, this was wort of an orientation trip.   |
| 17 | BY MR. BARBADORO: (Resuming)   |
| 18 | Q It was in December of 1985 or November of  |
| 19 | 1985.  |
| 20 | A All right. Well, it was in this period here,   |
| 21 | okay.  |
| 22 | Q The period while the negotiations were going   |
| 23 | on for the purchase of the land?   |
| 24 | A The reason your question triggered this, is  |
| 25 | that, did you report this. The reason it triggered it is   |
|    |  |

because when Abrams came down there, he asked or we arranged as a matter of protocol, a briaring for Abrams.

Abrams do not be a matter of protocol, a briaring for Abrams do not be a matter of protocol, a briar

And then Abrams sat back and said, well now, tell me about Point West, Obviously at this point, I had assumed, I guess naively, that this was essentially a matter of the Ambassador with me kind of sitting as a spectator listening and telling the Ambassador and so forth. Essentially, I suppose, I realized anyway, that this was at least unorthodox, my involvement with it.

#### UNCLASSIFIED

But once I heard that, I was really shocked, taken aback, first of all that he would come out and so blatantly say, tall me all about Point West. Not only that, he was saying it in front of two officers that had no need to know, that he didn't even ask if they knew and should they know. But obviously the outcome of all of it was, that this was something that everybody in Washington knew about, and here I was, that this was former than the same thinking I had a real secret.

Q What did you tell Abrams?

A Oh, I told Abrams. I said, sir, up until now I thought that in Costa Rica there were only four or five people that knew about this place. Now, because of your question, these two officers, who had no need to know, now know. Oh, he said, I apologize. I'm sorry. I didn't realize it. And I said, now tell me something, Mr. Secretary, who up there knows? Oh, and Colonel North -- Ollie, and Or I asked him if knew. And he said, oh, yes, of course; this was the RIG.

So I said, well, okay. On the one hand I was upset because these two officers who were really, you know, they weren't privy to this thing, and yet, it was a relief on my part because my superiors knew.

Q Other than

| 1  | Aon wadu.r roid weaddnaires suarning spont               |
|----|--|
| 2  | Point West, had you?                                     |
| 3  | A As I said, I don't know if I did a follow-up           |
| 4  | to that  |
| 5  | My recollection is that I probably didn't, I don't thin  |
| 6  | I did, but I may have.                                   |
| 7  | MR. LIMAN: Do you recall when Admiral                    |
| 8  | Poindexter came down to Central America right after he   |
| 9. | was named National Security missions in December of 1985 |
| 10 | THE WITNESS: Yes.  |
| 11 | HR. LIMAN: Did you must with him?                        |
| 12 | THE WITNESS: As part of the country team?                |
| 13 | MR. LIMM: Yes.   |
| 14 | THE WITNESS: Yes.  |
| 15 | MR. LIMAN: You did meet with him.                        |
| 16 | THE WITNESS: Yes.  |
| 17 | MR. LIMAN: And Oliver North was with him?                |
| 18 | THE WITHESS: And Oliver Borth was with him.              |
| 19 | MR. LIMAN: Did you discuss Point West with               |
| 20 | him?   |
| 21 | THE WITNESS: No, sir. That was a meeting                 |
| 22 | with the country term, which consisted of the AID        |
| 23 | Director, the Chief of the Recognic Section, Chief of    |
| 24 | Palitical Section, the Deputy Chief of Rissian, the      |
| 25 | Defense Attache, et setera, et catera.                   |
|    | INC ASSIFIED   |

104

| that meeting, at the end of it which took place outside of the Embassy they were only in town for an hour, so we didn't even have time to get all the way into the ci- from the airport. At the end of that meeting  House for a photo opportunity.  And that had been already lined up in that to offer would made, lined up in cable traffic, and so  Wisit with a special addition of the visit to the Oval Office.  HR. LINAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Resuming)  O Did you discuss Point West with  | •   | MR. MRAN: It was just too public of a                     |
|--|-----|---|
| that meeting, at the end of it which took place outside of the Embassy they were only in town for an hour, so we didn't even have time to get all the way into the ci- from the airport. At the end of that meeting  House for a photo opportunity.  And that had been already lined up in that the offer would made, lined up in cable traffic, and so  Character who was present there too  visit with a special addition of the visit to the Oval Office.  NR. LINAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Resuming)  O Did you discuss Point West with  | 2   | meeting for you to discuss it?                            |
| of the Embassy they were only in town for an hour, so we didn't even have time to get all the way into the ci- from the airport. At the end of that meeting  House for a photo opportunity.  And that had been already lined up in that to offer would made, lined up in cable traffic, and so  Who was present there too  who was present there too  Wisit with a special addition of the visit to the Oval Office.  MR. LINAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Sessualing)  Q Did you discuss Point West with  | 3   | THE WITNESS: Right. At that meeting, after                |
| we didn't even have time to get all the way into the ci- from the airport. At the end of that meeting  House for a photo opportunity.  And that had been already lined up in that the offer would made, lined up in cable traffic, and so  Visit with a special addition of the visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for the with a sesistance on Point West?  THE WITNESS: **  BY MR. BARBADORO: (**ESSUMINY)  Q Did you discuss Point West with   | 4   | that meeting, at the end of it which took place outside   |
| from the airport. At the end of that meeting  House for a photo opportunity.  And that had been already lined up in that to offer would made, lined up in cable traffic, and so  Visit with a special addition of the visit to the Oval Office.  HR. LIMAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Resuming)  Q Did you discuss Point West with   | 5   | of the Embassy they were only in town for an hour, so     |
| House for a photo opportunity.  And that had been already lined up in that the offer would made, lined up in cable traffic, and so who was present there too visit with a special addition of the visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for the with a sesistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Resuming)  Q Did you discuss Point West with  | 6   | we didn't even have time to get all the way into the city |
| House for a photo opportunity.  And that had been already lined up in that to offer would made, lined up in cable traffic, and so  Who was present there too  Visit with a special addition of the visit to the Oval Office.  HR. LIMAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS:  BY HR. BARBADORO: (Essuminy)  Q Did you discuss Point West with  | 7   | from the airport. At the end of that meeting              |
| And that had been already lined up in that to offer would made, lined up in cable traffic, and so who was present there too visit with a special addition of the visit to the Oval Office.  NR. LIMAN: Was this to show appreciation for his assistance on Point West?  THE WITNESS: T | 8   | cates and Admiral Poindanter invited him to the White     |
| offer would made, lined up in cable traffic, and so  who was present there too  visit with a special addition of the  visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for  his assistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Resuming)  Q Did you discuss Point West with  | 9   | House for a photo opportunity.                            |
| visit with a special addition of the visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for this mesistance on Point West?  THE WITNESS:  BY MR. BARBADORO: (Essuming)  Q Did you discuss Point West with   | 10  | . And that had been already lined up in that the          |
| visit with a special addition of the  visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for  his assistance on Point West?  THE WITNESS:  BY HR. BARBADORO: (Essuminy)  Q Did you discuss Point West with  | 11  | offer would made, lined up in cable traffic, and so       |
| visit to the Oval Office.  MR. LIMAN: Was this to show appreciation for the Missesistance on Point West?  THE WITNESS: ***  BY MR. BARBADORO: (Sessiming)  Q Did you discuss Point West with   | 12  | C who was present there too                               |
| 15 NR. LIMAN: Was this to show appreciation for 16 his assistance on Point West? 17 THE WITNESS: 18 19 20 21 22 23 BY MR. BARBADORO: (Essuminy) 24 Q Did you discuss Point West with   | 13  | visit with a special addition of the                      |
| 16 his assistance on Point West?  17 THE WITNESS: 18  19  20 21  22  23 BY MR. BARBADORO: (Resuming)  24 Q Did you discuss Point West with   | 14  | visit to the Oval Office.                                 |
| THE WITNESS: Solution of the second of the s | 15  | MR. LIMAN: Was this to show appreciation for              |
| 18 19 20 21 22 23 BY MR. BARBADORO: (Sesuming) 24 Q Did you discuss Point West with  | 16, | his assistance on Point West?                             |
| 19 20 21 22 23 BY MR. BARBADORO: (Sesuming) 24 Q Did you discuss Point West with   | 17  | THE WITNESS: 100  |
| 20 21 22 23 BY MR. BARBADORO: (Sesuming) 24 Q Did you discuss Point West with  | 18  |   |
| 21 22 23 24 25 26 27 28 29 29 29 20 20 20 21 21 22 23 24 20 20 20 20 20 20 20 20 20 20 20 20 20  | 19  |   |
| 22 23 BY MR. BARBADORO: (Sessiming) 24 Q Did you discuss Point West with   | 20  | Y   |
| 23 BY MR. BARBADORO: (Sessuming) 24 Q Did you discuss Point West with  | 21  |   |
| Q Did you discuss Point West with  | 22  |   |
|  | 23  | BY MR. BARBADORO: (Sessiming)                             |
| 25 when he was down there with Poindexter for that trip in   | 24  | Q Did you discuss Point West with                         |
|  | 25  | when he was down there with Poindexter for that trip in   |

105

| 1  | December?  |
|----|--|
| 2  | A There wasn't enough time on that trip to even          |
| 3  | discuss the really important things.                     |
| 4  | Q He was there only for a few hours.                     |
| 5  | A Please, if I may give you an appreciation              |
| 6  | about everything we are discussing here, Tom asked me,   |
| 7  | Tom Wilson asked me some time back how much did all this |
| 8  | represent in terms of I'm talking about the air drops,   |
| 9  | I'm talking about the air strip what did this            |
| 10 | represent in the totality of your work. About one        |
| 11 | percent of my time.                                      |
| 12 | So when you're asking questions, asking me to            |
| 13 | recall dates, there has to be something associated with  |
| 14 | it because, believe me, if I had 15 minutes with         |
| 15 | wouldn't even have bothered asking about Point West,     |
| 16 | because it really didn't mean anything to me in terms of |
| 17 | the much more important issues and problems that we had  |
| 18 | with the second  |
| 19 | all of the other problems and                            |
| 20 | operations that we had going at the time.                |
| 21 | Q When do you first recall discussing Point West         |
| 22 | with C.  |
| 23 | A I think it was at headquarters, and I can't            |
| 24 | possibly remember the date. It could have been late '85; |

UNCLASSIFIED

it could have been early '86. I don't know how it came

mentioned Point West and I said yeah, you

106

| 2   | know, it's under construction or whatever it was.         |
|-----|---|
| 3   | Q Who brought up Point West, you or                       |
| 4   | A I don't recall.   |
| 5   | Q Did appear to know about it?                            |
| 6   | A Oh, yes. Oh, definitely.                                |
| 7   | Let me bring up another name because it adds              |
| 8   | to the totality of impression in my mind as to the level  |
| .9  | of knowledge about Point West. As you mentioned earlier,  |
| 10  | North and his family came to spend a few days with me and |
| 11  | my family on a completely personal trip. At the end       |
| 12  | forgive me if I interject some humor here North and I     |
| 13  | had gone to have him brief my staff on the                |
| 14  | overall Washington view of the Nicaraguan situation.      |
| 15. | We left from there and we went out to the                 |
| 16  | airport, where we were supposed to meet our wives and the |
| 17  | children, and my wife had taken his wife downtown for     |
| 18  | shopping at the artsy-craftsy things. And the schedule    |
| 19  | was that they were to leave at 1:30 on General Galvin's   |
| 20  | aircraft. It's a MATS flight where there is space         |
| 21  | available. And General Galvin was flying                  |
| 22  | to Atlanta, and the Norths were going to board            |
| 23  | and get off, of course, at Atlanta, which he              |
| 24  | was entitled to.  |
| 25  | So the arrangement was to meet at the airport,            |

| _  | and, sure enough, we got there and the General was        |
|----|---|
| 2  | waiting and they were loading the luggage and my wife     |
| 3  | doesn't show up for 30 minutes, for 40 minutes, 60        |
| 4  | minutes. The engines are turning. And we are, the         |
| 5  | Ambassador, General Galvin, Colonel North and myself are  |
| 6  | sitting in the executive section of the airplane and, of  |
| 7  | course, I am extremely nervous, upset. My wife is         |
| 8  | holding up a four-star general, et cetera.                |
| 9  | But during that conversation, during the time             |
| 10 | we were together, colonel Worth gave General Galvin and   |
| 11 | updated briefing on Point West and the Ambasbador chiming |
| 12 | in and so forth. I was an observer. I wasn't asked for    |
| 13 | any opinion, and North just simply told him what the      |
| 14 | status of it was.   |
| 15 | MR. LIMAN: So it was a widely held, closely               |
| 16 | guarded secret?   |
| 17 | (Laughter.)   |
| 18 | THE WITNESS: Yes. And the end of the story                |
| 19 | is finally that my wife showed up and we put them on the  |
| 20 | plane, but they forgot their passports. So when they      |
| 21 | arrived in Atlanta immigration gave them a hard time.     |
| 22 | MR. LIMAN: That wouldn't stop Oliver North.               |
| 23 | (Laughter.)   |
| 24 | THE WITNESS: No, it did not.                              |
| 25 | MR. LIMAN: Probably some immigration officers             |
|    | UNCLASSIFIED  |

108

| _  | nave been liteu.  |
|----|---|
| 2  | (Laughter.)   |
| 3  | THE WITNESS: That was what Tom wanted to                  |
| 4  | remind me, that there was this impression on my part that |
| 5  | this was an accepted undertaking, an acknowledged         |
| 6  | undertaking.  |
| 7  | BY MR. BARBADORO: (Resuming)                              |
| 8  | Q When did you meet Rafael Quintero?                      |
| 9  | A When that engineer and that soil specialist             |
| .0 | came down to do the survey on the field.                  |
| 1  | Q Did North give you any advance warning he               |
| .2 | would be coming down?                                     |
| .3 | A Yes.  |
| .4 | Q Did he explain who he was, what his                     |
| .5 | relationship was to this operation?                       |
| .6 | A He said I will put my hand in the fire for              |
| .7 | this tellow. That's what he said.                         |
| .8 | MR. LIMAN: Really? Literally he said that?                |
| L9 | THE WITNESS: Literally.                                   |
| 20 | MR. LIMAN: Had you heard of Quintero before?              |
| 21 | THE WITNESS: No. Later, of course, I was                  |
| 22 | reading Peter Maas' book Manhunt, which I'd just pick up  |
| 23 | for, you know, entertainment during ablutions, right, and |
| 24 | I saw the name and I almost choked, until I read it. You  |
| 25 | know, he acted in a responsible way, given the            |
|    |   |

109

| 1.   | circumstances he was in.                                 |
|------|--|
| 2    | But I really did depend on the hand in the               |
| . 3  | fire recommendation.                                     |
| 4    | BY MR. BARBADORO: (Resuming)                             |
| 5    | Q What was Quintero's role in the construction           |
| 6    | of the air strip?  |
| 7    | A Re was the project manager. He was the guy             |
| 8 .  | that, you know, got to get the bulldozer and             |
| 9    | paid the whatever it was. He never told me about         |
| 10   | specifically how much it was costing, except he          |
| 11   | constantly lamented of the fact that he thought the Cost |
| 12   | Rican was zipping them off which, you know, is the cost  |
| 13   | of doing business there.                                 |
| 14   | Q Did he mention the name of the company that he         |
| 15   | was working for?   |
| 16   | A No.  |
| 17   | Q Did you ever hear Udall mentioned?                     |
| 18   | After the photo opportunity at the White                 |
| 19   | House, that afternoon was the first afternoon I heard    |
| 20   | that name.   |
| 21   | Q Okay. Is that the meeting with Secord?                 |
| 22   | A That's correct.  |
| 23 ु | Q Okay. We'll get to that in a minute. How               |
| 24   | frequently was Quintero down there when the construction |
| 25   | project was going on?                                    |
|      | •  |

| 2          | probably less than ten, trips.                            |
|------------|---|
| 3          | Q Did he meet with you while he was down there?           |
| 4          | A He'd check in with me. Sometimes he came in             |
| 5          | and we'd talk on the phone. Sometimes we'd get together   |
| 6          | for breakfast either on the way in or on the way out.     |
| 7          | Q Did he update you on the progress of the air-           |
| 8          | strip?  |
| 9          | A (Nods in the affirmative.) Well, more or                |
| .0         | less. Frankly, you know, update means that I am           |
| .1         | interested and I ask appropriate questions. Frankly, I    |
| 2          | didn't have that much interest in knowing what they were  |
| .3         | up to. You know, I didn't really care. It's a strange     |
| 4          | thing.  |
| .5         | Q This was to be the air strip to resupply                |
| .6         | the southern front troops. Weren't you concerned about    |
| .7         | it?   |
| L <b>8</b> | A I never believed that the thing would ever get          |
| L <b>9</b> | off the ground. Okay? I never believed it, frankly.       |
| 20         | Q Why not?  |
| 21         | A Why not? Because it was a damn near                     |
| 22         | impossible situation. The isolation of the place. How     |
| 2 3        | are you going to keep people there? How do you transport  |
| 24         | pilots and mechanics? Where do you get the fuel from?     |
| 25         | You couldn't get a 55-gallon drum of fuel into Costa Rica |
|            | UNCLASSIFIED  |

#### UNCLASSIFIED

because it's a controlled material. It would have to be floated up on a barge from one of the Pacific coast ports.

They were going to fly in and they eventually did fly in some gasoline up there. To me, for a clean operation, unless it was a CIA air operation project where you have the expertise and it's not a Mickey Mouse, half-baked, maybe it's done this way or maybe it gets done that way, but where you go in with a plan and, you know, you put down a strip and it's going to work because you've got the kind of people that will make it work.

What did we have here? We had

who was acting probably only himself --

Q A T=1

about the problems he was having to the problems he was haven been problems.

could care less. Okay? I say all that and probably the record will look like that maybe I had more interest or maybe others might say I had more interest. Well, even if

| 2  | I was roleplaying, borne out by the fact that they never  |
|----|---|
| 3  | did get the air strip finished.                           |
| 4  | The thing was leveled and graded, or it was               |
| 5  | just leveled but never fully graded. And when the rainy   |
| 6  | season came and it started to come apart, the work they   |
| 7  | had done, it was a poorly constructed thing because that  |
| 8  | stream bed, it eroded part of the air strip. They never   |
| 9  | got what they the kind of administrative setup that       |
| 10 | could have made the thing work.                           |
| 11 | And then, finally, when President Arias was               |
| 12 | elected and then inaugurated and he said no to the use of |
| 13 | the strip, it became a non-issue.                         |
| 14 | Q Didn't you go out to visit the strip after              |
| 15 | construction had begun on it?                             |
| 16 | A No.   |
| 17 | Q So you had been at that strip one time?                 |
| 18 | A On the ground one time. I flew over it a                |
| 19 | couple of time  |
| 20 | but only on   |
| 21 | the ground once.  |
| 22 | Q By the point at which Quintero started coming           |
| 23 | down there regularly and started working on the           |
| 24 | construction of the air strip you must have known that    |
| 25 | this was not going to be a CIA air strip, didn't you?     |
|    | UNCLASSIFIED  |

#### UNCLASSIFIED

I still had hopes, but I knew that if it was

113

| 2          | ever to be a CIA air strip CIA would have to come in and |
|------------|--|
| 3          | either finish the job or correct what had been done.     |
| 4          | Q What did you understand these people to be             |
| 5          | doing out there?   |
| 6          | A Leveling, clearing a 6,000-foot runway, 120-           |
| 7          | foot wide.   |
| 8          | Q For what purpose?                                      |
| 9          | A For the eventual use by CIA-contracted FDN             |
| .0         | aircraft. Did I know? Yes. And/or private benefactor     |
| .1         | aircraft.  |
| .2         | Q So by December of '85 you had an idea that             |
| .3         | there was a possibility there might be a private         |
| .4         | benefactor use of this air strip?                        |
| .5         | A No, not by December. Maybe a little later.             |
| .6         | Maybe by January, but not December. That thing really    |
| .7         | hadn't gotten to the stage yet. I don't even think they  |
| .8         | got the bulldozer in by December. They might have.       |
| .9         | Now let me explain something else to you to              |
| 20         | give you an example of my concerns. Quintero one day     |
| 21         | oh, excuse me. The DEA office in the Embassy called me   |
| 22         | and said, look, we've got a call from the airport        |
| 23         | authorities that they are holding a fellow out at the    |
| 24         | airport that fit their drug stereotype profile and that  |
| ) <b>4</b> | he was taken into a room and questioned and searched and |

|  | no | drugs | were | found |
|--|----|-------|------|-------|
|--|----|-------|------|-------|

But they started to go through his briefcase and this was sometime, I guess, in April. Yes, it would have been April, April or so. They started going through his briefcase and he stopped them and he said, please call this telephone number, and it was my number and the airport authorities, instead of calling that number, called the DEA office and said, look, would you check this out, and they called me.

And so they gave me the name and I said yeah, I know this fellow and that, as far as I know, he's okay. So I met with him after that and said why did they stop you, and he said well, because I was carrying \$5,000 in cash for the use of paying bills and materials and so forth. And I said, well, that's no problem. You know, people can carry. What story did you give them? He said, I was a cattle buyer.

Okay. And he said, but when they started going through the briefcase I didn't want them to see what I had, and I said well, what was that. And with that he hands me envelopes, brown manila envelopes, the white Bouse, with photographs of the photo opportunity with the President and swealf and my wife with the President.

And he said I felt that if the airport

| 1  | authorities see that, you know, that that would raise a   |
|----|---|
| 2  | whole lot of other questions. I said, all right.          |
| 3  | Now you can see that these people are not at              |
| 4  | all professional.   |
| 5  | Q Who was this?   |
| 6  | A Quintero.   |
| 7  | Q Quintero, and that had to be after March,               |
| 8  | right?  |
| 9  | A Un, yeal. Rarch was when the thing took                 |
| 10 | place. Shar's why I said it was probably April.           |
| 11 | So one of the things he asked for was, he                 |
| 12 | says, can you help me get through the airport when I come |
| 13 | back because I don't want these people oh, they           |
| 14 | apparently took his briefcase. They apparently took the   |
| 15 | money into another room and they counted the money or     |
| 16 | no, they took the money into the room and when they       |
| 17 | returned it to him, I asked him, I said, did you count    |
| 18 | that money?   |
| 19 | He said, well, I gave it a quick look and, he             |
| 20 | says, I think they took a couple of hundred dollars from  |
| 21 | the money. And I said, well, I think you probably did     |
| 22 | well with that.   |
| 23 | (Laughter.)   |
| 24 | And the other thing he requested was some kind            |
| 25 | of identification or ID.a good guy letter that's my       |
|    | UNCEASSIFIED  |

term -- so that he could get through the airport without

being has hassled again if it's another crew on duty, of

of good reputation, blah, mish, blah, blah, blah, et cetera, of good reputation, et cetera, and I gave him this letter.

He also asked for an ID

decided that the latter was sufficient and I destroyed

One other matter is that he had in his briefcase a little commette for the KL-43 that I had, the Secret/NOFORN, which North had also given him.

I never gave it to him.

Q Tell me about North's visit in February. He brought his family with him?

A Yeah. I invited him down here, so, you know, our families could get together. I knew or I sensed that

| -   |   |
|-----|---|
| 2   | together with our wives and the children we decided to    |
| 3   | take three or four days off, and he was able to catch     |
| 4   | military flights at that time. So it worked out well.     |
| 5   | And we also had an agreement with our wives               |
| 6   | that there would be no business discussed during that     |
| 7   | period, and there wasn't.                                 |
| 8   | Q Did you go to the beach?                                |
| 9   | A Yep. We went to the beach and the only thing            |
| 10  | we talked about was the families, our hopes, dreams, his  |
| 11  | experiences in southeast Asia, mine with the Agency.      |
| 12  | Q You didn't discuss what that air field was              |
| 13  | going to be used for?                                     |
| 14  | A No. Really we didn't discuss it at all.                 |
| 15  | Yeah, the air field is being constructed, but that's all. |
| 16  | At some point and I don't think it was then he said       |
| 17  | he wanted the Agency to pick up the tab on the air field, |
| 18  | but I can't say if it was then or not.                    |
| 19  | Q Wasn't that much later in maybe the summer of           |
| 20  | '86?  |
| 21. | A I don't know. I remember that he made that              |
| 22  | comment about them picking up the tab on the air field.   |
| 23  | Q Did he express any interest in going to see             |
| 24  | the air field when he was down there in February?         |
| 25  | A No, and I wouldn't have let him either.                 |
|     | UNCLASSIFIED  |

118

| 1  | Q Why not?   |
|----|--|
| 2  | A Because I don't think you know, having                 |
| 3  | Oliver North, who was well known to the Sandinistas,     |
| 4  | running around northern Costa Rica. No. The fact that    |
| 5  | we were together. He was with us within the context of a |
| 6  | family activity to the beach, back                       |
| 7  | was enough. I don't even think he ever expressed an      |
| 8  | interest in going up there.                              |
| 9  | Q At that point had there been any discussions           |
| 10 | up to that point, at any time, with North about private  |
| 11 | benefactors?   |
| 12 | A I think you need to say more. In what sense?           |
| 13 | Q Had there been any discussions about how these         |
| 14 | contras in southern Nicaragua were going to be supplied  |
| 15 | by February of '86?                                      |
| 16 | A I don't remember any specifically. He never            |
| 17 | talked about who the benefactors were or what kind of    |
| 18 | money we're talking about. I mean, he really didn't, and |
| 19 | I'm grateful for it. Tell me about his business, okay?   |
| 20 | And I think he probably knew I didn't want to know.      |
| 21 | Q Did you tell him in January of '86 that the            |
| 22 | agreement had been reached with the southern front       |
| 23 | commanders of UNO?                                       |
| 24 | A Oh, that was a matter of regular intel                 |
| 25 | reporting and he would have received all of the intel,   |
|    | I I BIOTAPAITIEN   |

25

## UNGLASSIFIED

intelligence, disseminated intelligence reports from all

119

| 2  | of the activity.  |
|----|---|
| 3  | Q Did you have any discussions with him about             |
| 4  | that?   |
| 5  | A Oh, sure, about all of the political things,            |
| 6  | you know, but during that beach trip, no. We really       |
| 7  | religiously tried to avoid shop talk. The wives insisted  |
| 8  | on it.  |
| 9  | Q Okay. Let's move away from the beach trip.              |
| 10 | In January of '86 this agreement was signed and these     |
| 11 | commanders went back into Nicaragua. At this point you    |
| 12 | knew an air strip was under construction and that someone |
| 13 | was putting up money for the construction of this air     |
| 14 | strip.  |
| 15 | Did you have any thought that the same people             |
| 16 | who were putting up the money for the air strip might be  |
| 17 | willing to put some money to supply the southern front    |
| 18 | forces?   |
| 19 | A Thoughts like that didn't occur to me. Let me           |
| 20 | try to explain it this way. At some point somebody asked  |
| 21 | me, either the IG or the Tower Commission I guess it      |
| 22 | was the Tower Commission did North ever tell you about    |
| 23 | Project Democracy, and I said he used that term. What     |
| 24 | did it mean to you? And I said I understood it to be      |
|    |   |

UNCLASSIFIED

that kind of generic term like patriotic Americans that

he used when he was referring to support for the

Nicaraguan resistance, that these were good Americans who

were willing to put up money in various quantities for

the support that these people needed to attain their

objectives.

To me, then, when you're talking about the air

strip or that they were obtaining lethal supplies, to me

it all came out of the same pot. I didn't differentiate

it. I didn't know Udall, and I didn't know what other

entities there were. You know, I'm reading the
newspapers now. I've got a fairly good idea. None of

that was ever said to me by Oliver North, that there was

this or there was that or that money for this was going

14 for that.

He would refer occasionally to Project

Democracy. I thought it was sort of like the term he
would use for the all-American effort. I mean, he could
have used any term like that and that's the way I
interpreted it. I didn't know that it meant a specific
thing. Okay?

So I can understand where you're coming from with your question. The problem I have -- and it almost sounds a little naive -- well, didn't you know that thing? Well, no. I understood that these were people who on the one hand they would put up money to build this

| air strip; on the other, | they might be | giving an | airplane |
|--------------------------|---------------|-----------|----------|
| or something to the FDN. |               |           |          |

Okay?

Q As a United States Government representative did you feel a responsibility for the southern front troops that were sent into southern Nicarasqua?

- A Of course.
- Q Were you concerned about how they were going to be supplied?

A I was concerned that they be supplied. I didn't care who supplied them. These people were being decimated and their existence not necessarily for our purposes, which was U.S. policy objectives, but for their own survival as human beings, required that they at least have something to defend themselves with, that they have the wherewithal to withstand the attacks of the people inside, the attacks of the Sandinistas.

Let me tell you there is another aspect to this which I don't think I have seen properly addressed either in the press or dealing with the whole problem of the southern front during this cutoff period. We found a direct correlation between the activities of abuses -- and I am talking about very serious abuses -- by the Sandinistas against the civilian populace when there was

#### UNCLASSIFIED

| a dimi | stment-0 | f act | lvity ( | on th | e par | t of  | the  | resis  | stan | ce   |
|--------|----------|-------|---------|-------|-------|-------|------|--------|------|------|
| forces | inside,  | as th | ough 1  | the S | andin | istas | wou  | ıld ti | ien  | feel |
| confid | ent that | they  | could   | go o  | ut, y | ou kı | now, | take   | nam  | es,  |
| and    |          |       |         |       |       |       |      |        |      |      |

Q I understand what you are saying.

A Now, so there was not only a concern for the people who were under arms; there was also a concern for the civilian population in the southern part of Nicaragua. The north might have been a different story, but in the southern part of Nicaragua there was this concern that when the resistance didn't have the arms that the civilian population suffered inordinate abuses.

So there was obviously a moral imperative at

work here on my part that when or, rather, after I had persuaded these people for political reasons to return back to southern Nicaragua to carry the fight inside, while it may have served my own reasons to get them out and the neutral territory, that they had done so on the basis of my persuasion that the funds

would be coming forth from Congress.

There was also the moral imperative that once I sent them back in that the people inside, the civilian population, might be affected as well. Okay? Now, faced with that, when Oliver North said in early '86 that he was prepared to send a full flight load in of lethal

#### UNCLASSIFIED

material I said, well and that he asked me to handle the coordination in terms of getting the drop zones and the information from the commanders.

I said I will do that. I will take that responsibility. Mr. Barbadoro, I didn't ask Director Casey. I didn't ask Clair George. I didn't ask I didn't ask anybody. I made that decision on my own to accept his offer.

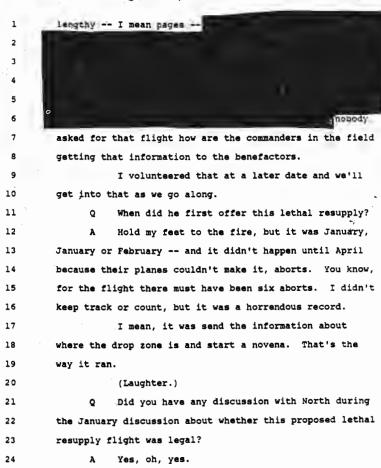
Now once I did that, because I realized that this Larry, Moe and Curley operation, from having seen the way they handled the air strip, I did send a cable to headquarters and I said the resistance forces are expecting to receive from private benefactors a load of arms, an air load of arms, and I asked for flight information, flight path information, risk of hostile forces, radar coverage -- the whole nine yards -- and headquarters sent it to me not once but several times.

And nobody at headquarters came to me and said tell me about how this is all working out, how are the southern resistance commanders inside? They didn't ask any logical clearly understandable questions like how are the commanders inside getting the information about the drop zones and the timing of the flight to the delivery people, who by then I understood were at

Nobody asked, and when they sent down this



124



Tell me what you remember about that.

| 2  | legal, Ollie? And he'd say yeah, you are passing        |
|----|---|
| 3  | information. You are just passing information. You are  |
| 4  | not coordinating. You are not running a military        |
| 5  | operation. You are passing information; is that clear?  |
| 6  | You are just passing information.                       |
| 7  | I said, fine, as long as that's the case, the           |
| 8  | that's all I need to know.                              |
| 9  | Q Did he say anything about having legal                |
| .0 | opinions on the subject?                                |
| .1 | A No, but I had, because we had been told at            |
| .2 | some point - I think it was December 185 when we had a  |
| .3 | meeting estate of the COSs that we were permitted t     |
| L4 | share information with the contras. Oh, yeah, the other |
| 15 | aspect is and Tom just brought this to my attention -   |
| .6 | is that part of that sharing of information, as I       |
| .7 | understood it from was that we were permitted to        |
| 8. | share information which could be used for the secure    |
| .9 | delivery of lethal equipment and materials.             |
| 0  | Is that correct, sir?                                   |
| 21 | Q What dit say that led you to understand               |
| 2  | that?   |
| 23 | A The secure delivery. That meant                       |
| 4  | communications, secure communications. That meant other |
| 5  | things involved in the secure delivery of material and  |
|    | UNOLASSIFIED  |

| 2   | and the Senate as a result of the \$27 million and the \$3 |
|-----|--|
| 3   | million communications provision.                          |
| 4   | Q Who gave you that understanding?                         |
| 5   | A  |
| 6   | Q When?  |
| 7   | A I don't know. Certainly during this period.              |
| 8   | Oh, here's a good point. I tried to be as close to the     |
| 9   | letter and spirit of the law as I possibly could. My       |
| 10  | officers will tell you that time and time again I          |
| 11  | cautioned them about the whole issue of what can we do,    |
| 12  | how far can we go within the restrictions of the Boland    |
| 13  | Amendment and all of the attendant other Agency-imposed    |
| 14  | qualifications of that restriction.                        |
| 15  | There were times when some things were very                |
| 16  | easy I mean, to be able to handle. There were times        |
| 17  | when it really as a close call and I had to go back to     |
| 18  | headquarters. Let me give you an example of one.           |
| 19  | When we were allowed to provide communication:             |
| 20  | training and communications equipment, specifically        |
| 21  | radios, for the resistance fighting inside, and            |
| 22  | that of course was one of the things that we were able to  |
| 23  | provide to the commanders who signed the agreement in      |
| 24  | January, part of the things that they carried back in      |
| 2 = | with the was the wides entitle and as                      |

#### UNCLASSIFIED

| well  | as  | we  | trained   | a  | couple | of | them | \$0 | that | they | could |
|-------|-----|-----|-----------|----|--------|----|------|-----|------|------|-------|
| train | 1 0 | the | rs inside | в. |        |    |      |     |      |      |       |

Well, we had the occasion about the same period, early January, when we were going to send in some Miskito Indians along the Atlantic coast and we had trained them and given them radio equipment to take in with them. Not only that. We purchased with humanitarian funds the boats and motors so that they could take the medical supplies and the radios in.

They came back to us and they said, hey, wait a minute. You expect us to go up here along the Atlantic coast at least 100 miles into Nicaraguan territory without guns. How are we supposed to defend ourselves or how are we supposed to protect the radio equipment that you just gave us to take inside, plus the one-time pads and the other thing? I said, well, good question.

I went back to headquarters and I asked them the question, and they came back and they said well, no, we can't provide them with weapons even if they are for defensive purposes, but why don't you suggest to them that they contact Negro Chamorro and ask him if they will lend, if Negro will lend the Indians some weapons so that they can carry them back in.

I thought that was a very Solomonic decision. It was a judicious decision on their part to avoid the

128

| 1  | question and yet settle the problem. Now we tried that.   |
|----|---|
| 2  | We followed that practice as much as we could. It wasn't  |
| 3  | always simple. The questions at times were difficult,     |
| 4  | but we did the best we could.                             |
| 5  | Q Let me move to a different subject.                     |
| 6  | A And let me get into one other thing, too.               |
| 7  | Q I don't mind your counsel passing you notes. I          |
| 8  | will say that if he wants to develop certain ideas with   |
| 9  | you on the record he will have a chance to ask you any    |
| .0 | questions. But go ahead, bring up the subject.            |
| .1 | A Because I think it is relevant. You need to             |
| .2 | make, or I think that the people looking into this        |
| L3 | situation need to make a judgment call on the             |
| L4 | difficulties that I was faced with in dealing with these  |
| .5 | people who were not of a professional who were not        |
| 16 | professionals by career, and yet were trying to enter or  |
| L7 | get into areas where we had always practiced and followed |
| 18 | certain regimens and we would not have allowed some of    |
| L9 | the things to happen that did happen, such as the         |
| 20 | problems with the air strip and how to get through Costa  |
| 21 | Rican customs and immigration with \$5{000 in their       |
| 22 | pocket, and not carrying tapes or photographs at the same |
| 23 | time.   |
| 24 | I wantto bring this situation up because it               |

UNCLASSIFIED

25

does impact on my personal responsibility as well as the

129

| 1                               | judgmental aspects. During a discussion, and I think it   |
|---------------------------------|---|
| 2                               | took place some time in the spring of '86 with Quintero,  |
| 3                               | I brought up the problem of the fact that these people  |
| 4                               | had, the people inside, had no ability to defend  |
| 5                               | themselves against Sandinista ambushes.   |
| 6                               | And one of the things, from our experience,   |
| 7                               | that would clearly have been helpful would be explosives,   |
| 8                               | demolitions training. There were demolitions. There are   |
| 9                               | demolitions inside of Nicaragua and the resistance forces   |
| .0                              | inside can steal it or capture it, but they had no  |
| .1                              | ability to use it. They didn't know how to use it, at   |
| .2                              | least in terms of military usage.   |
| _                               | and an endadous side about the baselines.   |
| .3                              | and so Quintero said that he had, he thought  |
| .4                              | he knew somebody or had access to somebody that could   |
| _                               |   |
| .4                              | he knew somebody or had access to somebody that could   |
| .5                              | he knew somebody or had access to somebody that could do some training of some of Negro   |
| .4<br>.5<br>.6                  | he knew somebody or had access to somebody that could do some training of some of Negro Chamorro's people and I   |
| .4<br>.5<br>.6                  | do some training of some of Negro  Chamorro's people and I  said, gee, that would be a nice idea and sort of let it   |
| .4<br>.5<br>.6<br>.7            | to some training of some of Negro chamorro's people and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message  |
| .4<br>.5<br>.6<br>.7<br>.8      | chamorro's people and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message from Quintero that he was sending in someone by the name   |
| 4<br>5<br>6<br>.7<br>8<br>.9    | to some training of some of Negro chamorro's people and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message from Quintero that he was sending in someone by the name of Kenneth, Kenneth or Kevin, that would conduct training   |
| 4<br>5<br>6<br>7<br>8<br>9<br>0 | to some training of some of Negro chamorro's people and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message from Quintero that he was sending in someone by the name of Kenneth, Kenneth or Kevin, that would conduct training of the resistance of two or so people.  |
| 4<br>5<br>6<br>7<br>8<br>9<br>0 | to some training of some of Negro chamorro's people and I said, gee, that would be a nice idea and sort of let it go at that. Next thing I know, I got a call or a message from Quintero that he was sending in someone by the name of Kenneth, Kenneth or Kevin, that would conduct training of the resistance of two or so people and that they in turn could train others inside |

name or even if he gave me one -- and he said he was staying in room such and such at a local hotel. So he said he was there to conduct the training of these people. So I said, well, let me come over and talk to you. I would like to know something about you, what kind of person you are, fully intending only to provide an introduction -- this is so and so, this is so and so -- and walk away from it.

Well, I went over and I found that he was a very clean-cut young man. He had several books in Spanish, Spanish language primers. He has some Spanish but not nearly enough to work with, and he had said he was making an earnest effort to improve the little that he had.

I asked him about his background. He was very reserved about it. He said a military background, and that he had experience in demolitions work. He then gave me a list of things he needed from hardware stores and so forth, and I said look, friend, I'm not going to go out to hardware stores looking. If you need this stuff for your training activity, you go out and get it, and I assume you have the money because you won't get any money from me either.

So he says, okay. It will give me a chance to learn my Spanish or to improve my Spanish, and he did.

9 10

11

12

13 14

15

17

20

21

23

24

25

#### UNCLASSIEIED

131

Several days later he calls me up and he says, okay, I've got all the material or I've got all of the tools and the stuff I needed from the hardware store and they just delivered the material. I said what do you mean? What material? He said the material that I'm going to teach these people to work with.

I said who delivered it? He says, I don't know. Some guy just appeared at the hotel door with this material. And I understood what he was talking about, but I didn't understand what was behind all of this. But it was clear that they were explosives that had been delivered to his hotel room.

I said you stay right there. You don't leave that hotel. And I raced out of that, out of my office in virtually a state of panic because all I could envision is this American spending the next 20 years of his life in the jail for having a case of explosives in his room.

Well, I went to a phone, called the contact in the resistance and made an arrangement for him to pick up this fellow, to be introduced and pick up this fellow and to get him out of town. I went to the hotel, parked in front of the hotel in an unlicensed car, went upstairs to the room, and I told him let's pack the explosives. He

had two cases of commercial plastic explosive.

| I said   |
|--|
| I am going to take this stuff from this room             |
| downstairs. You check out of the hotel and you meet me   |
| in my blue car outside. An Md that's what I did. I       |
| carried there must have been 50 pounds each case,        |
| trying to make it look like they were normal pieces of   |
| luggage, walked out, stuck them in the car, took him,    |
| made sure that we were not under surveillance, because I |
| was convinced that this was a setup. Somehow or other    |
| this man had been discovered and somehow or other this   |
| whole operation was going to go up in smoke.             |
| And I felt that my responsibility was to it.             |
| But what I think and I've never been able to determin    |
| this yet I recall only being very mad at Quintero, bu    |
| I think what they did is they brought, they somehow      |
| brought into the country or obtained in-country, this    |

room.

Now, you know --

commercial plastic explosive, and either

- Where did you take the explosive?
- A I turned it over to -- I mean, I carried him and the explosives in my car to the resistance and then he took it up-country and they blew it all up during the

or one of his minions delivered this to this guy's hotel

| 1          | training period.                                       |
|------------|--|
| 2          | Q Did you tell Colonel North about this episod         |
| 3          | A No, I don't think so. I'm not sure that I            |
| 4          | did, no.   |
| 5          | Q Let me leave that and move to a different            |
| 6          | subject. When did you get your #2-43?                  |
| 7          | A Early '86, I believe.                                |
| 8          | Q Who brought it to you?                               |
| 9          | A Quintero.  |
| .0         | , Q And had North told you that this would be          |
| 1          | coming down?   |
| 12         | λ Yes.   |
| .3         | Q What did he want you to use it for?                  |
| L <b>4</b> | A Our communications.                                  |
| .5         | Q Well, you were able to communicate with Nort         |
| . 6        | on secure telephone.                                   |
| ١7         | A Yeah, but that was only between \$130 in the         |
| L8         | morning and 4:30 in the afternoon, after which         |
| L <b>9</b> | communications closes down. It wasn't available on     |
| 20         | holidays. It wasn't available on weekends and it wasn' |
| 1          | available at night.                                    |
| 22         | Q The CIA didn't have its own access to a secu         |
| 23         | telephone?   |
| 24         | A We had another secure telephone line, but it         |
| :5         | didn't connect with North.                             |

## UN<del>classifi</del>ed

So you understood that the purpose of

| 2    | this RI-43 would be to communicate with North?           |
|------|--|
| 3    | A And with Quintero.                                     |
| 4    | Q What communications would you have with                |
| 5    | Quintero that you would have to use a secure             |
| 6    | communications device?                                   |
| 7    | A Well, after the offer to send the lethal               |
| 8    | material in and that was about the time well, maybe      |
| 9    | it wasn't January; maybe it was even February when       |
| 10   | this piece of equipment came down.                       |
| 11   | Q Where was Quintero when you would communicate          |
| 12   | I would assume it was for purposes of communicating the  |
| L3   | intelligence information and the flight information      |
| L4   | concerning the flight; is that right?                    |
| 15   | A Either Miami or  |
| 16   | Q And what was your understanding that Quintero          |
| 17   | would do with the information once you transmitted it to |
| 18   | him?   |
| 19   | A Coordinate the information with the pilot and          |
| 0    | the crew that was flying the plane.                      |
| 21   | Q So you would call Quintero at either Miami or          |
| 22   | wherever the plane was, with the information?            |
| 23 . | A No, no. Where he was. I never knew that the            |
| 4    | plane was anyplace else other than                       |
| 5    | in Miami he would communicate with his people and I      |
|      | UNCLASSIFIED   |

| 1   | didn't know who they were, who were in                    |
|-----|---|
| 2   | presumably by the same secure method, and tell them that  |
| 3   | the commanders had this drop zone or whatever the         |
| 4   | information pertained to the operation.                   |
| 5   | Q Did you ever speak directly using this device           |
| 6   | to people at  |
| 7   | A No. Well, only to Quintero. There were only             |
| 8   | two people that I used this device with Quintero and      |
| 9   | North. And I used it with Quintero when he was either at  |
| 10  | or at Miami, and with North only when he was in           |
| 11  | Washington and I couldn't talk to him on the secure line. |
| 12  | did you participate in the                                |
| 13  | planning of these air drops?                              |
| 14  | A No.   |
| 15  | Q Did you play any role in deciding when                  |
| 16  | equipment had to be dropped, how much equipment had to be |
| 17  | dropped, where it had to be dropped?                      |
| 18  | A Please understand that neither the station nor          |
| 19  | I, nor even the communications center or the remnants of  |
| 20  | the little support staff that the armed resistance had    |
| 21  | had any influence or control over what was                |
| 22  | happening inside. The commanders were autonomous. They    |
| 23  | decided the targets they were going to have. They         |
| 2 4 | decided what their situation was and they told us we can  |
| 25  | take a delivery within the next 48 hours or the next 24   |

136

| -  | model of, as happened on occasion, they had a delivery   |
|----|--|
| 2  | scheduled within 24 hours and they said we can't; we are |
| 3  | being pursued. We have to change. Will advise you.       |
| 4  | Being pursued by the Sandinistas.                        |
| 5  | They picked the time and the schedule, and as            |
| 6  | far as location is concerned they would give us a        |
| 7  | location where they thought they were. When the aircraft |
| 8  | got into the area, they might be seven, eight kilometers |
| 9  | away because they weren't able to read maps. They would  |
| .0 | say, we are, say, three kilometers from the bend in the  |
| .1 | river.   |
| .2 | Well, they wouldn't know or they didn't                  |
| .3 | realize that there was a bend in the river that          |
| .4 | topographically or from the air looked identical to the  |
| .5 | bend in the river where they were. So they couldn't eve  |
| .6 | give us map coordinates.                                 |
| .7 | And I want to try to answer the last part of             |
| 8  | your question. Toward the end, in September, what we di  |
| 9  | was working with the resistance                          |
| 0  | was to pick out this bend in the river (indicating), and |
| 1  | then we'd figure out the coordinates or the resistance   |
| 2  | would figure out the coordinates and the                 |
| 3  | communications center the resistance                     |
| 4  | communications center, would tell the commanders, all    |
| 5  | right, this is when you go to this spot, walk in a       |

INCLASSFIED

northwest direction three kilometers and then this way

137

|    | ·   |
|----|---|
| 2  | (indicating).   |
| 3  | Then that's where the thing will be, and then             |
| 4  | there would be an alternate. But that was done because    |
| 5  | the equipment kept getting lost or the commanders inside  |
| 6  | would give the wrong place. So in terms of what input     |
| 7  | was the only input. It was the                            |
| 8  | private benefactors who told us when and what they were   |
| 9  | delivering and when they were going to deliver it.        |
| 10 | We had no control over that. We couldn't even             |
| 11 | call it off.  |
| 12 | Q So it's your testimony that you didn't                  |
| 13 | participate in the planning but you were simply given     |
| 14 | information as to when, where, what, was being dropped?   |
| 15 | A That's correct. That's correct.                         |
| 16 | Q Was it your objective to create a 2/500-man             |
| 17 | force?  |
| 18 | A I would like to respond to that with the                |
| 19 | answer that I prepared in response to the appearance of   |
| 20 | that question in the Tower Commission, if you will permit |
| 21 | me.   |
| 22 | Q Sure.   |
| 23 | A I don't know what the exact terms are, but the          |
| 24 | reference to my message to North is on page C-8, right    |
| 25 | side of the page, which quotes, in part, "My objective is |

### UNCLASSIFIED

the creation of a 2,500-man force which can strike northwest and link up with Quiche to form solid southern force." My comment is as follows.

The portion of the April 12, 1986 message which mentions the creation of a 2,500-man force reflects a poor choice of words on my part and needs explanation. First, the message should be understood in the context of an informal communication and, as such, was written in an offinanded style. It was obviously not meant to be anything more than a simple direct expression of an ideal, perhaps unattainable, situation.

Secondly, in a more appropriate choice of words I might have cited the expectation of the southern front commanders, whose views I was essentially representing as my own, and the exhortation that all of USG and resistance elements pull together in support of the southern front, including the NSC.

For the record, the message represented a bit of brainstorming and I subsequently wrote an identical food.

cable to headquarters in a staff channel message. The existence of this cable was made known to the Office of the Inspector General and I used exactly those terms with exactly the same proposition, that bring the FDN force operating at the northern part of southern Nicaragua together with the southern front.

139

| 1  | Q You have just read verbatim from notes that             |
|----|---|
| 2  | you prepared earlier on this subject?                     |
| 3  | A Immediately after the Tower report was issued.          |
| 4  | Q And those notes that you read from there are            |
| 5  | essentially your response to several things, several      |
| 6  | inaccuracies in the Tower report?                         |
| 7  | A Yep.  |
| 8  | Q Would you be willing to give us a copy of               |
| 9  | that?   |
| LO | MR. WILSON: Well, these were prepared for us,             |
| .1 | Paul, for the lawyers' use.                               |
| L2 | MR. BARBADORO: But he has used it to refresh              |
| 13 | his recollection. He has also read some parts verbatim    |
| 14 | into the record. Certainly under the rules I would be     |
| 15 | entitled to it and I may push it, but I will just ask you |
| 16 | now would you be willing to give it to us.                |
| 17 | MR. WILSON: We don't have any objection.                  |
| 18 | BY MR. BARBADORO: (Resuming)                              |
| 19 | Q Okay.   |
| 20 | A Some of it, of course, is conceptual in terms           |
| 21 | of references that are made to the cutoff and so forth,   |
| 22 | and obviously things that I found interesting. There are  |
| 23 | some things that I think are very that are essential      |
| 24 | to the question especially about the air strip because    |
| 25 | they refer to things in there that are definitely         |

1

# UNCLASSIFIED

inaccurate, according to my information.

| 2  | Q Well, that will be helpful and we can go over           |
|----|---|
| 3  | that later. Let me mark the April 12 message that has     |
| 4  | been referred to as Exhibit 5.                            |
| 5  | (The document referred to was                             |
| 6  | marked Exhibit Number 5                                   |
| 7  | for identification.)                                      |
| 8  | Take a look at Exhibit 5. I think that is the             |
| 9  | cable that you referred to in your last answer; is that   |
| 10 | right excuse me, the KL-43 message that you referred      |
| 11 | to?   |
| 12 | A Yes. That's interesting. I covered a whole              |
| 13 | gamut of things.  |
| 14 | Q Is that a copy of a message and I am                    |
| 15 | referring mos to Emilit 3 is that a copy of               |
| 16 | a message that you sent to Colonel North on April 12?     |
| 17 | A Yes, it is. Well, I don't know the date. I              |
| 18 | am accepting what is written on there. Was there a date   |
| 19 | on it? Yes, that's fine. Okay.                            |
| 20 | Q And that message does use the phrase "my                |
| 21 | objective / / to begin a sentence saying "My objective is |
| 22 | creation of a 2,500-man force." Is it your testimony .    |
| 23 | today that when you used "my objective" that you did not  |
| 24 | mean my objective, that you mean to refer to the southern |
| 25 | front commander() objective?                              |
|    | UNCLASSIFIED  |

141

| _  | in a constant of annual area my moses in                |
|----|---|
| 2  | that within the context of representing I was           |
| 3  | representing the views of the commanders as well as my  |
| 4  | own, as my own ideal of what I would have hoped a       |
| 5  | situation could eventually be. It was a bit of          |
| 6  | brainstorming.  |
| 7  | Q Okay. Did I also hear you correctly that you          |
| 8  | sent an operational cable to CIA headquarters that used |
| 9  | the phrase "my objective" in connection with the        |
| 10 | discussion of a 2 500-man force?                        |
| 11 | A I was more formal, as I recall, in my cable t         |
| 12 | headquarters in that I probably would not have used the |
| 13 | first person. I would have said the objective should be |
| 14 | to have, et cetera, et cetera.                          |
| 15 | Q Was that cable sent around the same time?             |
| 16 | A Maybe within the following two to three weeks         |
| 17 | That's my best recollection of that.                    |
| 18 | Q Okay. Exhibit 5 also says "our                        |
| 19 | plane during the next two to three weeks includes air   |
| 20 | drop  |
| 21 | maritime deliveries, NHAO supplies to same, NHAO        |
| 22 | supply to UNO/SOUTH, but with certified airworthy       |
| 23 | aircraft et cetera.                                     |
| 24 | Is it your testimony that the use of the                |
| 25 | phrase "our plans" refers to the plans of the southern  |
|    |   |

142

| 1  | front commanders rather than your plans?       |
|----|--|
| 2  | A Sure. It's short for the southern front      |
| 3  | position.                                      |
| 4  | Q I would like the next three exhibits marked. |
| 5  | The message headed "4/15/86" is made 6.        |
| 6  | (The document referred to was                  |
| 7  | marked Exhibit Number 6                        |
| 8  | for identification.)                           |
| 9  | The message headed 6/15/86° is                 |
| 10 | 7.   |
| 11 | (The document referred to was                  |
| 12 | marked marked Schibit Number 7                 |
| 13 | for identification.)                           |
| 14 | And the measage headed #2000 Hours, 30 June*   |
| 15 | 10-00-00-00-00-00-00-00-00-00-00-00-00-0       |
| 16 | (The document referred to was                  |
| 17 | narked Fernandia Ethibit Number 8              |
| 18 | for identification.)                           |
| 19 | Take a look at 6, 7, and 8, please,            |
| 20 |  |
| 21 | A I did not send this message.                 |
| 22 | Q You are referring to Exhibit 7?              |
| 23 | A That is correct. $\omega$                    |
| 24 | MR. WILSON: Read it carefully,                 |
| 25 | THE WITNESS: That's correct. I did not send    |
|    | i i e i fili (                                 |

MULTOSTED

143

| 1  | this message.   |
|----|---|
| 2  | BY MR. BARBADORO: (Resuming)                                |
| 3  | Q Did you receive it?                                       |
| 4  | A I do not recall ever receiving this message.              |
| 5  | MR. LIMAN: Have you seen this before?                       |
| 6  | THE WITNESS: I was shown this message. I                    |
| 7  | believe I was shown this message by either the IG or the    |
| 8  | Tower Commission, and in my notes I referred to this. I     |
| 9  | think I referred to it. Is this the one that's referred     |
| 10 | to where I say no way did I no, it's the next page,         |
| 11 | next one.   |
| 12 | Ah, field officer sent another secure message,              |
| 13 | page C-8, first paragraph, right side. I will read it.      |
| 14 | Quoting from the Tower Commission Report, page C-8, " $(4)$ |
| 15 | Three days later the field officer sent another secure      |
| 16 | message to confirm a delivery to an air base in a Central   |
| 17 | American country." And my comment: the field officer        |
| 18 | they are referring to is me because it follows a previous   |
| 19 | paragraph which said, which refers to a cable I did send.   |
| 20 | End of my comment.  |
| 21 | He tells Lieutenant Colonel North the delivery              |
| 22 | is loaded with ammunition for your friends. He asks         |
| 23 | Lieutenant Colonel North when and where do you want this    |
| 24 | stuff. We are prepared to deliver it as soon as you call    |
| 25 | for it. My comment to that was: I did not, as stated the    |

144

| -         | comment above, I did not send this message. Full hermore, |  |  |  |  |  |
|-----------|---|--|--|--|--|--|
| 2         | the question asked in the alleged message implies that I  |  |  |  |  |  |
| 3         | had control of material and was prepared to deliver it.   |  |  |  |  |  |
| 4         | It also implies that I had some means of delivery.        |  |  |  |  |  |
| 5         | Q So that the record is clear, take a look at             |  |  |  |  |  |
| 6         | 6. Did you send North that message?                       |  |  |  |  |  |
| 7         | A No, I did not.  |  |  |  |  |  |
| 8         | MR. LIMAN: Is that the message that you have              |  |  |  |  |  |
| 9         | just been referring to?                                   |  |  |  |  |  |
| LO        | THE WITNESS: That's the message that I was                |  |  |  |  |  |
| 11        | referring to.   |  |  |  |  |  |
| L2        | MR. LIMAN: Not 7?   |  |  |  |  |  |
| L3        | THE WITHESS: I suppose not.                               |  |  |  |  |  |
| L4 '      | MR. LIMAN: Now look at 7.                                 |  |  |  |  |  |
| 1.5       | THE WITNESS: I did not send this message.                 |  |  |  |  |  |
| <b>L6</b> | MR. LIMAN: You did not send 7 either?                     |  |  |  |  |  |
| 17        | THE WITNESS: No, and I don't believe I                    |  |  |  |  |  |
| .8        | received this message either received or send.            |  |  |  |  |  |
| 9         | (A discussion was held off the record.)                   |  |  |  |  |  |
| 0         | MR. LIMAN: Let's go back on the record. We                |  |  |  |  |  |
| 1         | are now referring to Exhibit 6. It is addressed to you,   |  |  |  |  |  |
| 2         | isn't it,   |  |  |  |  |  |
| 3         | THE WITNESS: Yes, it is. I did receive this               |  |  |  |  |  |
| 4         | one. I recall receiving this one.                         |  |  |  |  |  |
| 5         | MR. LIMAN: Do you know what the BT at the end             |  |  |  |  |  |
|           |   |  |  |  |  |  |

145

| -    | or a wessage means.                                     |
|------|---|
| 2    | THE WITNESS: It was Ollie's signoff. Okay?              |
| 3    | Yes, it would make sense if I received it. I had looked |
| 4    | at it because of the Tower Commission as though I had   |
| 5    | sent it. I didn't send that. It looks familiar. I       |
| 6    | would say yes, I did receive it. This one (indicating), |
| 7    | if I may, again   |
| 8    | MR. LIMAN: Mow look at 7, which also looks              |
| 9    | like it was sent addressed to you and signed BT, North, |
| LO   | and read it with that in mind.                          |
| 11   | (Pause.)  |
| L2   | THE WITNESS: Geez. I don't remember seeing              |
| 13 . | this one.   |
| 14   | MR. LIMAN: You don't remember seeing it?                |
| 15   | THE WITNESS: Well, let me look at it and                |
| 16   | concentrate on it.                                      |
| L7   | (Pause.)  |
| 18   | I know we talked about that subject, the                |
| 19   | mountain leprosy.                                       |
| 20   | MR. LIMAN: Do you have any recollection of              |
| 21   | that message as such?                                   |
| 22   | THE WITNESS: Parts of it.                               |
| 23   | MR. LIMAN: It's fair to say, as you sit here            |
| 24   | today, you cannot say definitively whether or not you   |
| 25   | received it? You may have and you may not have?         |
|      |   |

WELL SOMED

| 1          | THE WITNESS: Gee. I want to be totally                   |
|------------|--|
| 2          | precise with you on it.                                  |
| 3          | MR. LIMAN: But you either have a                         |
| 4          | recollection.  |
| 5          | THE WITNESS: Some of it looks familiar, some             |
| 6          | references look familiar, but I don't ever recall him    |
| 7          | telling me anything about pilots and the repair people.  |
| 8          | That's the first thing that strikes me, the fact that    |
| 9          | they didn't see the zone lights. That was frequently     |
| LO         | mentioned. I mean, that wasn't the first time.           |
| 11         | I remember him saying at one point that he               |
| L2         | wanted Ralph on the scene to beter handle the            |
| L3         | transmission of information from the commanders through  |
| L4         | me so that he would be right there and could talk to     |
| L <b>5</b> | and come back to me. And I know I asked for the          |
| L <b>6</b> | mountain leprosy medicine. That was a constant request   |
| L <b>7</b> | I would have to say that even though I don't             |
| L8         | recognize this message specifically that the contents of |
| L9         | it, that in the contents there are things which I do     |
| 20         | rcall receiving.   |
| 21         | MR. LIMAN: All right.                                    |
| 22         | BY MR. BARBADORO: (Resuming)                             |
| 23         | Q Now the last one, which is Exhibit                     |
| 24         | 8. Did you sent that message to North?                   |
| 5          | A Fine This is my message.                               |

| _   |   |
|-----|---|
| 2   | the record reflect that he is reading the message to      |
| 3   | himself.  |
| 4   | (Pause.)  |
| 5   | THE WITNESS: Yes, I sent this message in the              |
| 6   | case of sending the two qualified men. It was apparent    |
| 7   | that the field commanders were having difficulty in       |
| 8   | either receiving the drops or something and the support   |
| 9 . | staff of the resistance people wanted to send             |
| 10  | two qualified and I don't know what they mean by          |
| 11  | "qualified" but it just occurs to me that it was either   |
| 12  | qualified in handling communications or qualified in      |
| 13  | setting up a drop zone, and so they were prepared to send |
| 14  | some people in for the purpose of the coordination        |
| 15  | inside.   |
| 16  | And that's all.   |
| 17  | BY MR. BARBADORO: (Resuming)                              |
| 18  | Q Let me ask you something about this message.            |
| 19  | The message appears to have two paragraphs to it. The     |
| 20  | first paragraph ends "Need July cassette," Is that        |
| 21  | the end of your message?                                  |
| 22  | A I never signed mine first of all.                       |
| 23  | Whoever wrote that message was taking it off the machine  |
| 24  | and simply substituted my signoff and this other thing    |
| 25  | here (indicating). I assume that the person who received  |
|     | UMPTHOOII ILD   |

| 1 | 1 | • |
|---|---|---|
|   |   |   |
|   |   |   |

| 2          | whom it went. Let me see if I can decipher it.            |
|------------|---|
| 3          | Q Do you remember who you sent that message to?           |
| 4          | You see, I would have sent that to Ralph.                 |
| 5          | Q Quintero you are talking about?                         |
| 6          | A Yes, to Rafael Quintero.                                |
| 7          | Q What looks like a second paragraph says:                |
| 8          | "From Ralph" Is that something that you send?             |
| 9          | A No. Let me try to explain. There were times             |
| 10         | when and I assume that this would have been one of the    |
| 11         | occasions and this is from Ralph who told me this, that   |
| 12         | there were occasions when he would take and relay my      |
| 13         | message to North verbatim. In other words, he'd get back  |
| L <b>4</b> | on his machine and he would relay it.                     |
| L 5        | On occasion I received from Rafael, from                  |
| 16         | Ralph, messages that North had sent him verbatim. Okay?   |
| 17         | That often happened well, not often happened, but that    |
| 18         | happened when, for example, North couldn't get a hold of  |
| 19         | me and he had to leave on a trip or he was going out of   |
| 20         | town or he had to go to a meeting. So he would send the   |
| 21         | message to Rafael because there were times I was out of   |
| 22         | contact with either my office or my home or he would call |
| 23         | me late at night when it was convenient for him.          |
| 24         | And he would then relay North's message to me.            |
| 25         | I can only assume that the person who wrote this piece of |
|            | THAT AGAITITA   |

#### UNGLASSIFIED

| paper received two messages | . The i  | first | one I  | remember |
|-----------------------------|----------|-------|--------|----------|
| writing that message. The   | second o | one I | don't. | I assume |
| it was from Ralph but not t | hrough n | me or | from m | ne.      |

Q That's what I wanted to know. Thanks. The message, the part that you sent, says, in one part of it, the sentence begins "Even so, we are making new efforts, sending two qualified men by boat 1 July." What is that referring to?

A As I said earlier, it refers to that there were problems inside. I don't recall exactly what they were now. The people that were going in were people from the resistance support staff I mean, we didn't send Americans in. These were their people going in.

Again, it's a question of shorthand.

Q You meant they, they sending in?

A Well, most of the trips, as I recall, most of the trips of the people who went inside, such as these people here went in with our money because they were going in on an intelligence mission, either for the purposes of intelligence collection or for coordination of intelligence information regarding the secure delivery of supplies or to carry in extra communications equipment or to carry in medicines or food and so forth, as in the case of the boat going in.



So there is a mix back and forth between one

|            | ·  |
|------------|--|
| 2          | thing and another. When I said "sending two people in",  |
| 3          | more than likely we paid their expenses for getting back |
| 4          | inside.  |
| 5          | Q Well, this message says, it follows that               |
| 6          | sentence I read to you: One to Commander Gonzo, one to   |
| 7          | Commander Ramon to set up secure drop zone area and      |
| 8          | organize reception." Are you telling me that these       |
| 9          | people were paid by the CIA to go in and do that?        |
| LO         | . A Boy, you are putting me on the spot. I don't         |
| lı         | remember, you know, in that particular case. I would     |
| 12         | say, hypothetically speaking, that if we were sending a  |
| 13         | support staff person to Gonzo and to Ramon               |
| L <b>4</b> | to set up drop zone, secure and for the safe delivery,   |
| .5         | yeah, we would have paid his expenses to go inside,      |
| .6         | that's correct. That would have been a legitimate, in my |
| 7          | estimation, a legitimate function.                       |
| .8         | That was hypothetical. To give you a                     |
| .9         | definitive answer, I'd have to know more, and I can't    |
| 0          | recall it from the circumstances, as they are presented  |
| 1          | there.   |
| 2          | Q I'd like to go into a new area.                        |
| :3         | MR. LIMAN: I'd like to ask something. This               |
| 4          | might be something that you have covered. But during the |
| 5          | period from, let's say, the fall of 1985 to the fall of  |
|            |  |

| 1  | '86, how often would you communicate with North?        |
|----|---|
| 2  | THE WITNESS: There were periods when I didn't           |
| 3  | talk to him for five or six weeks, and there were times |
| 4  | when I would talk to him three or four times over a     |
| 5  | period of several days.                                 |
| 6  | MR. LIMAN: Did you have more contact with hi            |
| 7  | than with   |
| 8  | THE WITNESS: Counting cable traffic, no                 |
| 9  | much more. I mean, our cable traffic was running        |
| 0  | approximately 1 200 cables a month, all to the Central  |
| 1  | American Task Force, and, incoming 3(000-3)100 a month. |
| 2  | MR. LIMAN: Were there things that you                   |
| 3  | communicated to North that you would not have           |
| .4 | communicated to   |
| .5 | THE WITNESS: Yes.                                       |
| .6 | MR. LIMAN: Give me some illustrations.                  |
| .7 | THE WITNESS: When I was attempting to block             |
| .8 | some of political moves, especially where               |
| .9 | were congerned, I emlisted Worth so that                |
| 0  | and it also occurred with some of the shenanigans of    |
| 1  | Arturo Cruz I enlisted North to be my advocate or th    |
| 2  | advocate of my views at the RIG.                        |
| 23 | MR. LIMAN: And why was that?                            |
| 24 | THE WITNESS: Because I believed was                     |
| 25 | wrong. was coming from a                                |
|    | UNCLASSIFIED  |

152

| Δ. | (A discussion was held off the record.)                 |
|----|---|
| 2  | MR. LIMAN: Back on the record.                          |
| 3  | What you have just said is that there were              |
| 4  | some issues where you felt that it was important that   |
| 5  | they be aired at the RIG and that you used North as the |
| 6  | channel to obtain that airing. Is that fair to say?     |
| 7  | THE WITNESS: Yes, it is. And, to expand on              |
| 8  | that, that he act as an advocate for the views that I   |
| 9  | held concerning these political problems.               |
| 10 | MR. LIMAN: This may have been covered, and if           |
| 11 | it has been just cut me off. When North came down for   |
| 12 | that short vacation with his wife you observed that he  |
| 13 | was a man who was tired; am I correct?                  |
| 14 | THE WITNESS: Yes.                                       |
| 15 | MR. LIMAN: He had been working very hard?               |
| 16 | THE WITNESS: Oh, yes.                                   |
| 17 | MR. LIMAN: Did he tell you that he had been             |
| 18 | working on the hostage release problem?                 |
| 19 | THE WITNESS: No, sir.                                   |
| 20 | MR. LIMAN: Did he tell you                              |
| 21 | THE WITNESS: He did not say it at that time.            |
| 22 | MR. LIMAN: Did he tell you that he was                  |
| 23 | hopeful of getting some money from any source for the   |
| 24 | contras?  |
| 25 | THE WITNESS: No, sir.                                   |

| -  |   |
|----|---|
| 2  | possibility during that visit, the possibility of getting |
| 3  | money other than from Congress?                           |
| 4  | THE WITNESS: No, sir.                                     |
| 5  | MR. LIMAN: Now you say he didn't tell you                 |
| 6  | about the hostages at that time.                          |
| 7  | THE WITNESS: Correct.                                     |
| 8  | MR. LIMAN: When did he tell you about the                 |
| 9  | hostage mission?  |
| 10 | THE WITNESS: One night here in Washington we              |
| 11 | got together for a couple of beers.                       |
| 12 | MR. LIMAN: Was this while he was still at the             |
| 13 | NSC?  |
| 14 | THE WITNESS: Yes, and he drove me back to the             |
| 15 | hotel and we were sitting in the carport of the hotel and |
| 16 | he told me that Bill Suckley had been tortured and        |
| 17 | killed. He knew that I knew Backley. He broke down and    |
| 18 | started crying, causing me to do the same thing. It was   |
| 19 | the first indication that I had that he was involved in   |
| 20 | any way with any hostages, the first and only indication  |
| 21 | and that he had apparently been engaged in some effort t  |
| 22 | get Buckley released.                                     |
| 23 | But it was a terribly emotional moment for                |
| 24 | both of us.   |
|    | am amount with the same held were block the same          |



| 1 | ĸ | Α |  |
|---|---|---|--|
| • | • | • |  |

| - | Jenerating and money from frame to nerb the contrast     |
|---|--|
| 2 | THE WITNESS: At no time, in no way, did he               |
| 3 | ever, thankfully, mention to me that he had anything to  |
| 4 | do with that. The first time I heard of it was when      |
| 5 | Attorney General Meese spoke of it in November.          |
| 6 | MR. LIMAN: Did he ever tell you that any of              |
| 7 | the money for the contras was coming from foreign        |
| 8 | governments?   |
| 9 | THE WITNESS: No, I don't think he ever                   |
| 0 | mentioned that. I think perhaps that                     |
| 1 | mentioned something, but in very vague terms, and then   |
| 2 | after the announcement by Attorney General Meese         |
| 3 | did tell me about the mixup of the bank account          |
| 4 | instructions for the Brunei matter in the context that h |
| 5 | was just dumbfounded at what Assistant Secretary Abrams  |
| 6 | had done.  |
| 7 | MR. LIMAN: During this period when you were              |
| 8 | station chief was there a sense on your part that the    |
| 9 | southern front was getting shortchanged compared to the  |
| 0 | FDM?   |
| 1 | THE WITNESS: Well, you know, you are always              |
| 2 | dealing from perceptions in that. Yes, sure I did.       |
| 3 | MR. LIMAN: And I gather you identified                   |
| 4 | yourself with the people you were working with in the    |
| 5 | southern front?  |
|   |  |

155

| 1          | THE WITNESS: THAT'S COFFECT.                             |
|------------|--|
| 2          | MR. LIMAN: And you became their advocate?                |
| 3          | THE WITNESS: In the countries of the Central             |
| 4          | American Task Force, yes, that's very true.              |
| 5          | MR. LIMAN: Go ahead.                                     |
| 6          | THE WITNESS: But then no more or no less than            |
| 7          | my counterpart   |
| 8          | BY MR. BARBADORO: (Resuming)                             |
| 9          | Q That he was being an advocate for the FDN?             |
| LO         | A You're darn right he was.                              |
| 11         | Q How many resupply drops                                |
| L <b>2</b> | A And we are very close friends. It's just tha           |
| 13         | it was a lot tougher and it took a lot more effort to ge |
| L4         | stuff to us and it was a lot easier to get stuff to them |
| L 5        | and we didn't get anything except for the one flight in  |
| L6         | April until later on, and it was a matter of the FDN     |
| L7         | certainly didn't want to deliver anything to the people  |
| Ĺ8         | in the south because they wanted to take care of         |
| L9         | themselves first.  |
| 20         | So the people in the south were left, you                |
| 21         | know, to the benevolence of the private people that were |
| 22         | connected to Ollie.                                      |
| 23         | Q How many reasonly flights were there?                  |
| 4          | A To the best of my ability there were nine.             |
| _          |  |

156

| *  | Ammunicion, grenades, mortal rounds, some           |
|----|---|
| 2  | rifles, some machine guns.                          |
| 3  | Q How about humanitarian aid, non-lethal aid?       |
| 4  | Was that also on these flights?                     |
| 5  | A It was not on any of the private flights.         |
| 6  | MR. LIMAN: It was or was not?                       |
| 7  | THE WITNESS: There was no non-lethal material       |
| 8  | on any of these.                                    |
| 9  | MR. LIMAN: These nine flights?                      |
| 10 | THE WITNESS: The private flights, not even          |
| 11 | the mountain leprosy. I never got that all ended up |
| 12 | at the FDN.   |
| 13 | BY MR. BARBADORO: (Resuming)                        |
| 14 | Q Were there flights with just humanitarian aid     |
| 15 | on it?  |
| 16 | A Yes, sent by the Nicaraguan Humanitarian          |
| 17 | Affairs Office.                                     |
| 18 | Q How many of those?                                |
| 19 | A One or two. I think there were two.               |
| 20 | Q So during this period, January '86 until the      |
| 21 | CIA got back in the resupply business?              |
| 22 | A No, no. Wait a minute. Go back to spring of       |
| 23 | '84.  |
| 24 | Q Okay, from the spring of '84 until the CIA got    |
| 25 | back in there were element                          |
|    |   |

| 1  | A Excuse me. Let me even clarify that more.              |
|----|--|
| 2  | From the spring of 184 until January 24, 1987, the only  |
| 3  | supplies that reached these people were the humanitarian |
| 4  | supplies, one or two flights, and the nine flights of    |
| 5  | lethal equipment delivered by the private sources. The   |
| 6  | money was approved and in CIA's hands, and this is a sor |
| 7  | point, Mr. Liman, on October 24, 1986, physically in     |
| 8  | their hands. The first resupply flight to reach those    |
| 9  | people was January 24, 1987 three months later.          |
| 10 | Q Approximately how many people were out in the          |
| 11 | field then?  |
| 12 | A Now?   |
| 13 | Q No, back then in '86.                                  |
| 14 | <b>A</b> '   |
| 15 | Q Were these flights enough to supply them?              |
| 16 | A Oh, no.  |
| 17 | Q Are you in a position to estimate the value of         |
| 18 | the lethal assistance that was given to them?            |
| 19 | A I have no idea. I don't even know what a               |
| 20 | bullet's worth.  |
| 21 | Q Was any record made of what was going to them          |
| 22 | as far as lethal assistance?                             |
| 23 | A Whenever a drop was made the commanders, as            |
| 24 | you will see in one of those reports, prepared an        |
| 25 | inventory which he radioed in on his one+time pad, and   |
|    |  |



| 1    | that constituted the essence of a dissseminated          |
|------|--|
| 2    | intelligence report, so every drop had an intelligence   |
| 3    | report sent to Washington.                               |
| 4    | Q So from those intelligence reports we could            |
| 5    | reconstruct exactly how much lethal assistance was given |
| 6 .  | to them?   |
| .7 , | A How much they actually received.                       |
| 8    | MR. LIMAN: How much they received if there               |
| 9    | was a drop that hit them?                                |
| 10   | THE WITNESS: That's right. There was one                 |
| 11   | case where a drop of seven-some bundles was never        |
| 12   | recovered. It went into the rain forest and they never   |
| 13   | found it.  |
| 14   | BY MR. BARBADORO: (Resuming)                             |
| 15   | 2n March you und your wife also                          |
| 16   | and his wife went to Washington see the Proclimat        |
| 17   |  |
| 18   |  |
| 19   |  |
| 20   |  |
| 21   |  |
| 22   |  |
| 23   |  |
| 24   |  |
| 25   | The scheduling of  |
|      | HAIP TO AN ASSESSED                                      |

|    | UNITASSIFIED   |
|----|--|
| 1  | the actual the photo opposituity, that was handled, as |
| 2  | I understand it, Admiral Poindexter surrendered five   |
| 3  | minutes of his morning briefing time.                  |
| 4  | Q Who arranged that, do you know? Was it North?        |
| 5  | A It was althor Forth or Full destar or both.          |
| 6  |  |
| 7  |  |
| 8  |  |
| 9  |  |
| 10 | /  |
| 11 |  |
| 12 |  |
| 13 | Q was that visit with the Freeddent made to            |
| 14 | fulfill Peindenter's promise in December when he told  |
| 15 | about meeting with the President?                      |
| 16 | A Yes. It was also, I think, the the                   |
| 17 | combination of a dream. You know, he considers the     |
| 18 | President he has great admiration for the President.   |
| 19 | Q After you came out of the photo session with         |
| 20 | the President was at the White House, wasn't           |
| 21 | he?  |
| 22 | A He was in the outside area there.                    |
| 23 | Q Had that been arranged between the two of you        |
| 24 | that he would be there?                                |
| 25 | ` ™INGLAG <del>QLE</del> IED                           |

160

|     | •                   |
|-----|---|
| 2   | A No.   |
| 3   | Q Was there any meeting                                   |
| 4   | A He was aware of where we were going to be at            |
| 5   | that time.  |
| 6   | Q Was there any meeting with after this                   |
| 7   | photo opportunity?  |
| 8   | A Not a meeting in the sense of there at the              |
| 9   | White House?  |
| 10  | Q Yes.  |
| 11  | No. autographed a picture book                            |
| 12  | which he had also given the President. He brought         |
| 13  | four of them one for one for North, one for               |
| 14  | Poindexter, and one for the President. And he had         |
| 15  | presented it to the President, the picture book to the    |
| 16  | President, but hadn't yet autographed it or dedicated it. |
| 17  | So when we left he dedicated one of the other three       |
| 18  | copies he had outside and I think the secretary carried   |
| 19  | it into the Oval Office and then brought out the blank    |
| 20. | one and left the other one.                               |
| 21  | He then went, dedicating each of the remaining            |
| 22  | three and he handed one to and he handed one to           |
| 23  | Colonel North and we stood around for about ten or        |
| 24  | fifteen minutes waiting for Admiral Poindexter to come    |
| 25  | back to finish, I guess, his briefing, and so we chatted  |

| _  | and the best of the second of |
|----|---|
| 2  | substance was said.   |
| 3  | Then, when Admiral Poindexter came back,  |
| 4  | Colonel North, Admiral Poindexter and I went into   |
| 5  | Admiral Poindexter's office where the Admiral   |
| 6  | had an exchange   |
| 7  |   |
| 8  | Nothing concerni  |
| 9  | the air strip, resupply to anticipate your question   |
| 10 | or anything else was conducted at that time.  |
| 11 | Q Thank you for saving me the time.   |
| 12 | (Laughter.)   |
| 13 | Takl me-about your meeting with Second that   |
| 14 | dey.**  |
| 15 | A Either before or after this I guess it wa   |
| 16 | after when we broke up after the meeting with   |
| 17 | Poindexter, our wives had already gone on shopping and  |
| 18 | North seals to I want you to meet with someone this   |
| 19 | afternoon, His name is Second. He will be coming by   |
| 20 | your hotel and I took the liberty of setting it up for,   |
| 21 | what was it, 2:00 00:00 whatever it was.  |
| 22 | He would like to meet with you about the air  |
| 23 | strip.  |
| 24 | Q Was this the first time you heard Secord's  |
| 25 | name mentioned?   |
|    | INCLASSIFIED  |

| -   | A 100.   |
|-----|--|
| 2   | Q Did you recognize the name when it was                 |
| 3   | mentioned?   |
| 4   | A From the book, yeah.                                   |
| 5   | Q From what book?  |
| 6   | A From the book "Manhunt of I don't think North          |
| 7   | had ever mentioned it beforehand or I'm trying to        |
| 8   | think now. But that's definitely the first time that it  |
| 9   | made an impression on me.                                |
| 10  | 'Q That you associated Secord in any way with the        |
| 11. | air strip or the resupply?                               |
| 12  | A That's correct. That's my impression. I                |
| 13  | mean, I might be wrong, but that's the only time that    |
| 14, | that's the first time I think I heard it. And there is   |
| 15  | curious thing. I mentioned this to the Tower Commission. |
| 16  | For some reason, as I heard North talking                |
| 17  | I have the impression that a siready knew                |
| 18  | something about Secord, who Secord was, or that they had |
| 19  | discussed it before, because he immediately sort of yes, |
| 20  | sure, instead of eaying who is he. You know, it's as     |
| 21  | though it had already been sort of arranged and he was   |
| 22  | just finally telling and I felt a little left out.       |
| 23  | It's a feeling that you get as though you are coming in  |
| 24  | the middle of a conversation, although I have nothing to |
| 25  | base it on except that feeling.                          |
|     | UNALASSIFIED   |

and this is

you to be there, too. I said, yes, sir. So we got back to the hotel. We went out someplace for shopping or something, and then we got back to the hotel and we waited in the Four Seasons, as you walk in, there's the reception desk and then there is a large open area with seating and we waited there so we could have a clear view of the people who were coming in through the door.

And Second appeared with Rafael Quintero, so I knew who he was, although Quintero was not mentioned as being a participant when North mentioned it had a saw Quintero. I mean, we talked about it and so forth. We went up to room in the hotel and they sat down, the two of

them, and started talking, and it was

the second reason why this remains in my mind.

had it clearly in mind what he wanted to tell Secord, as though it was something he had been thinking about, and he said look, there are things. I want a letter from the company that's building this strip, and that's when I heard the name Udall, which I thought was ironic in view of the fact of Morris Udall being a super liberal and here they use this name, the Udall name, for one of their companies or for a company which now I found out was one of many.

dictated terms.

For example, that the

| terms   | ō          |           | They     | had a disc | ussion on   |
|---------|------------|-----------|----------|------------|-------------|
| some mi | nor points | , but it  | was clea | rly        | ho was in   |
| charge. | And Udal   | 1 no,     | not Udal | 1 Secon    | d said that |
| he woul | d get the  | Udall let | ter to h | im.        |             |
|         | And it     | 's a litt | le fuzzy | now, but   | for some    |
| reasón  | or other I | seem to   | think th | at somehow | that lette  |
| was del | ivered lat | er:that d | lay. I d | id not see | that lette  |
| until m | uch later, | weeks la  | car.     |            |             |
|         |            |           |          |            |             |
|         |            |           |          |            |             |

And then I never knew until I actually saw the letter in the paper that it had been signed by Robert Olmstead. Now I don't know if Second signed Olmstead's name or Olmstead was sitting there in some office in the neighborhood and signed it. I don't know.

- Q It's the Tico Times?
- A The Tico Times.

165

| •          | . Y That was after Arias had announced the                |
|------------|---|
| 2          | existence of the air strip?                               |
| 3          | A It was the  |
| 4          | Minister who showed the letter to the press at the famous |
| 5          | news conference.  |
| 6          | Q Did you ever meet with Secord again?                    |
| 7          | A Never, and I never talked to him on the                 |
| 8          | telephone, and I never sent him a message. And I want to  |
| 9          | be very emphatic about that. I told Tom this. I don't     |
| LO ·       | even know if it's appropriate, but have you ever had an   |
| 11         | instant dislike for somebody I mean an instant? The       |
| L2 ,       | chemistry is absolutely not there. I mean, some people    |
| L3         | you just you know. But Secord just sent me the worst      |
| 14         | possible vibes, and I told Ollie this later. I said, I    |
| 15         | do not like that man. I don't want to have anything to    |
| L <b>6</b> | do with him.  |
| 17         | There was just an antipathy that I cannot                 |
| 18         | explain.  |
| L9         | Q . Did Ollie ever explain to you what Secord was         |
| 20         | doing, what his involvement was in this?                  |
| 21         | A He said Secord's a good man, Secord can be              |
| 22         | trusted. I said, well, I certainly don't agree with you,  |
| 23         | and that's not my sense of him.                           |
| 24         | MR. LIMAN: Did you have the sense that he was             |
| 25         | in it for profit? Is that what struck you?                |
|            | IIA HAREA/DONFIET   |

| -  | THE WITNESS: NO. I have since heard that                  |
|----|---|
| 2  | that may well have been the case, but I have no way of    |
| 3  | that was not my sense.                                    |
| 4  | MR. LIMAN: That wasn't what struck you?                   |
| 5  | THE WITNESS: No. It was his personality. It               |
| 6  | was that he came across as a ruthless man and I empathize |
| 7  | a great deal with people and I can get along with         |
| 8  | difficult people, but I haven't had a feeling like that   |
| 9  | in years about semebody. That's a commentary, probably    |
| 10 | isn't important.  |
| 11 | BY MR. BARBADORO: (Resuming)                              |
| 12 | Q Did you meet with anybody at CIA headquarters           |
| 13 | while you were up on that trip?                           |
| 14 | A Oh, yeah, sure.   |
| 15 | Q Did you meet with the Director?                         |
| 16 | is no.  |
| 17 |   |
| 18 | V   |
| 19 | Q How many times did you meet with Casey from             |
| 20 | the time you became chief of station                      |
| 21 | A I met him in August                                     |
| 22 | I met als when  |
| 23 | trip in '85. I went along                                 |
| 24 |   |
| 25 | wint. And when he came to the                             |
|    | UNCEASSIFIED  |
|    |   |

station in November to present us with a meritorious unit

| 3  | Q November of what year?                                 |
|----|--|
| 4  | A Of 186.  |
| 5  | Q Was that the trip immediately prior to him             |
| 6  | coming back, having to come back to testify about the    |
| 7  | Iran matter? Was it around the 18th or 17th of November  |
| 8  | A Yes. But I didn't know what he was doing. I            |
| 9  | know what he did   |
| .0 | did after he left.                                       |
| 11 | Q Did you ever discuss the contra resupply               |
| .2 | effort with the Director?                                |
| .3 | A During his visit, part of the briefing I told          |
| .4 | him we had received the drops in September, which is all |
| .5 | part of the intelligence reports that we had given yo    |
| .6 | know, just the overall briefing of where they were and   |
| L7 | wht their condition was.                                 |
| .8 | Q Did you tell him about North's involvement in          |
| .9 | the resupply effort?                                     |
| 0  | A No.  |
| 1  | Q And you didn't talk to him about the air stri          |
| 2  | at all?  |
|    | A No, ever.  |
| 4  | MR. LIMAN: I'm going to leave you.                       |
| :5 | MR. BARBADORO: Okay. I've got about a half               |

| -  | an nour more.   |
|----|---|
| 2  | MR. LIMAN: I will see you before you leave                |
| 3  | anyway. It was very nice meeting you.                     |
| 4  | THE WITNESS: It was very nice meeting you,                |
| 5  | hopefully again under better circumstances.               |
| 6  | MR. LIMAN: I hope this hasn't been too                    |
| 7  | unpleasant.   |
| 8  | BY MR. BARBADORO: (Resuming)                              |
| 9  | Q When did you first meet General Singlaub?               |
| 10 | A The first and only time I ever met General              |
| 11 | Singlaub was in the Ambassador's office                   |
| 12 | I don't recall the date.                                  |
| 13 | Q March of '86?   |
| 14 | A Yeah, okay. That sounds good.                           |
| 15 | Q Did you know what he was in for?                        |
| 16 | A Well, the Ambassador called me in and said he           |
| 17 | could explain what he was in for, and that was            |
| 18 | to approach Eden Pastora in an attempt to get Eden        |
| 19 | Pastora to work out his difficulties with the United      |
| 20 | States Government and somehow act as a mediator. And I    |
| 21 | spent about ten minutes in an attempt to diquade General  |
| 22 | Singlaub from any such attempt, that there was no         |
| 23 | interest in doing so, and that in fact if he attempted to |
| 24 | do so it would probably be detrimental to the best        |
| 25 | interests of U.S. policy.                                 |
|    | UNCLASSIFIED.   |

| -   | I then lett town for headquarters the next day            |
|-----|---|
| 2   | or the day after, and when I returned I found that he had |
| 3   | in fact gone to see Eden Pastora and Worked out some sort |
| 4   | of an agreement with Pastora in which he presented        |
| 5   | himself as a representative of the United States          |
| 6   | Government and that then subsequently the Ambassador went |
| 7   | in with a restricted channel message,                     |
| 8   | which my deputy had sent and in which they                |
| 9   | outlined this thing.                                      |
| 0 - | And when I saw it I went high order with the              |
| 1   | Ambassador and with my deputy.                            |
| 2   | Q You mean you were extremely upset?                      |
| 3   | A Extremely upset. And I went in with what the            |
| 4   | Ambassador meant to say, because parts of his cable       |
| 5   | and I was clearing it with the Ambassador, but part of    |
| 6   | his cable was just incredible, that he, knowing the       |
| 7   | situation as it stood, would have allowed this cable or   |
| .8  | this representation that Singlaub made and that he in     |
| 9   | fact in his case cable endorsed.                          |
| 0   | You don't often get upset with Ambassadors,               |
| r   | obviously, but I could take certain liberties with Tambs  |
| 2   | and this was one of the times where righteous indignatio  |
| 3   | was called for.   |
| 4   | Q Before lunch you mentioned that the Ambassado           |
| 5   | was well aware of the fact that it was not CIA policy to  |

170

| 1  | encourage Pastora. At this point it was CIA policy to     |
|----|---|
| 2  | have no contact with him, and you testified that the      |
| 3  | Ambassador was well aware of that fact. Did you raise     |
| 4  | that issue with the Ambassador?                           |
| 5  | A I don't remember exactly what I said at that            |
| 6  | time, but he knew that everything, that this whole        |
| 7  | Singlaub affair raised was contradictory to strategy,     |
| 8  | policy and legality, because to support the private       |
| 9. | effort of this American, Singlaub, who was, you know, a   |
| .0 | private citizen, contravened the Boland Amendment         |
| 1  | certainly in that it endorsed in an official way what the |
| 2  | guy, what Singlaub was doing, to say nothing of the fact  |
| 3  | that we didn't want to give Pastora any encouragement     |
| .4 | whatsoever.   |
| 5  | Q Did the Ambassador explain to you why he had            |
| 6  | done it?  |
| 7  | A Well, you know, he apologized. He says, you             |
| 8  | know, I didn't realize it, and then he put it off on my   |
| .9 | deputy, that my deputy should have known better and that  |
| 0  | my deputy, you know, let it slip. Well, I went to see     |
| 1  | the Daputy, and the deputy said what the hell am I going  |
| 2  | to do when the Ambassador tells me, he dictates the       |
| 3  | message to me?  |

UNITASSIFIED

#### 1 Let's just mark this as Exhibit 9. 2 It is a cable regarding Pastora-Singlaub agreement. (The document referred to was Exhibit Number 9 marked for identification.) By the way, this started off the real Abrams-Tambs conflict. I thought that Tambs would not survive a month because Abrams just, and from then on their relationship went downhill. This was the push over the top. 10 11 . Q Did North tell you that Singlaub was going to be coming No, sir, and at no time did I ever recall 13 14 North telling me he had any connection with Singlaub. 15 He'd say things like Singlaub's a good guy, Singlaub's 16 trying to be helpful, but never did he ever say that Singlaub and he had a connection. 17 Did you ever tell him about this agreement 19 that Pastora had signed with Singlaub? 20 Oh, he didn't need to. I mean, the message went right to three people -- Abrams, 21 22 9, that is the message, isn't it? 23 Q 24 Let me see it. Let the record show the witness is reading to 25 Q

172

| h | ims | • | l f |  |
|---|-----|---|-----|--|
|   |     |   |     |  |

1 2

2

10

11

13

14

16 17

18 19

21

22

23 24

25

(Pause.)

A Now that is a misstatement. That is what Singlaub proposed to obtain. In the paragraph which says, to quote the document: "It was agreed that if Singlaub could obtain Pastora's written agreement to meet certain conditions Pastora should receive supplies via UNO." That's not correct. It was not agreed. It was what Singlaub proposed. He met with very strong objections from me, less so from the Ambassador.

- Q Let me just say first, Exhibit 9, is that the back channel cable?
  - A Yeah. Well, it looks like the one.
  - Q Okay.
- A You see here this cable shows the implicit endorsement by Tambs and no objection made in the cable whatsoever to the term "the United States will provide". In any case, I sent a cable some days later, when I returned, in which I wrote the Ambassador meant to say, ba-ba-ba, et cetera, et cetera.
- Q Did you discuss with North the fact that Singlaub had entered this agreement with Pastora?
- A No, no. Essentially the whole situation created so much heat between Abrams and the Ambassador that all anybody had to do was just sit back and watch



| _    | the fireworks. The thing, the issue was dead. Nobody     |
|------|--|
| 2    | was going to take this seriously.                        |
| 3    | Q So you never discussed this agreement with             |
| 4    | North?   |
| 5    | A No.  |
| 6    | Q To your knowledge how many times was the air.          |
| 7    | strip in Costa Rica, the Santa Elena air strip, used?    |
| 8    | A To my knowledge?                                       |
| 9    | Q Yes.   |
| 10   | A According to Rafael Quintero it was only used          |
| 11   | once and that was for an emergency landing of a resupply |
| 12   | flight which suffered either from bad weather or engine  |
| 13   | damage or something like that, and it landed on the air, |
| 14   | strip in July June 16.                                   |
| 15   | If I may quote from my notes                             |
| 16   | Q Go ahead.  |
| 17   | A According to my information, the runway was            |
| 18 . | used on only one occasion for an emergency landing, when |
| 19   | a resupply aircraft was required to abort its mission    |
| 20   | because of bad weather. This landing occurred on or      |
| 21   | about June 16, 1986. On landing, the aircraft landing    |
| 22   | gear became stuck in the mad on the uncompleted strip.   |
| 23   | Note: See page B-123, last paragraph on right side, and  |
| 24   | page B-124, first part of the paragraph on the left side |
| 25   | which refers to a North memo dated June 20. States that  |
|      | UNCLASSIFIED   |

# UNCLASSIFIED

I cannot account for

| the difference in dates.                                |
|---|
| In order to free the aircraft and restart the           |
| engines additional aircraft flew to the site. Within    |
| approximately 48 hours all aircraft departed. This      |
| occurrence was the last known, to me, use of the site.  |
| FYI: I informed the Ambassador immediately after I was  |
| initially notified of the incident. I also informed     |
| Colonel Worth and subsequently, on or about June 18, I  |
| notified or the Latin American Division                 |
| Chief, or both, when I arrived in Washington            |
| for a consultation visit.                               |
| Q That was the only time that you know of that          |
| the air strip was ever used?                            |
| A That's correct. However, according to the             |
| Tower Commission report, it refers to apparently other  |
| aircraft being at the air strip and I had absolutely no |
| knowledge of that. I refer to it again in my notes      |
| because well, I refer to it in the notes. You can se    |
| ie.   |
| Q We'll look at the notes. On June 21 and July          |

That's correct.

How did you make those arrangements?

you arranged for two resupply flights to land

#### UNCLASSIFIED

International Airport?

Well, let me go back a ways. At some point --

175

| 2  | and I don't recall how or from whom I learned that       |  |  |  |  |
|----|--|--|--|--|--|
| 3  | Air National Guard had a camoflaged C-                   |  |  |  |  |
| 4  | 123 which was identical to the aircraft being used at    |  |  |  |  |
| 5  | that time by the private benefactors. The private        |  |  |  |  |
| 6  | benefactors informed me that they could not make a round |  |  |  |  |
| 7  | trip with a full load of supplies without refueling, and |  |  |  |  |
| 8  | they couldn't land at Point West.                        |  |  |  |  |
| 9  | So I came up with the idea that well, why                |  |  |  |  |
| 10 | don't they just land at International Airport,           |  |  |  |  |
| 11 | not say anything to anybody, and just simply refuel      |  |  |  |  |
| 12 | there, pretending, without saying anything, that they    |  |  |  |  |
| 13 | were the Air National Guard aircraft, since              |  |  |  |  |
| 14 | it was a known aircraft from other training trips, from  |  |  |  |  |
| 15 | training trips that it made the                          |  |  |  |  |
| 16 | National Guard.  |  |  |  |  |
| 17 | I discussed this with the Ambassador, and the            |  |  |  |  |

I discussed this with the Ambassador, and the Ambassador thought it was a novel idea, but he became concerned and he just said that he wanted somebody from the U.S. Hil group to stand by and watch to see that nothing went wrong, although these people were to handle all the transactions themselves.

18

20 21

23

I added a stipulation that the aircraft could not land if it had a single bullet on board. I wanted it to be absolutely clean and I told Quintero that I didn't



care, that if they didn't find the drop zone or if there

L76

| 2          | were some other screw up, they were to kick the material   |
|------------|--|
| 3          | anyway before they came                                    |
| 4          | On two occasions   |
| 5          | Q So they'd do a drop and then land                        |
| 6          | at the airport?  |
| 7          | A That's correct. I don't know that those are              |
| 8          | the dates. I accept your characterization of it. They      |
| 9          | did land. The first time they went in, refueled and were   |
| LO         | out, and the Milgroup person informed me                   |
| 11         | Q Was that   |
| L2 -       | A No, it was   |
| L3         | that the flight had departed without difficulty. The       |
| L <b>4</b> | second time it came and it apparently had lost quite a     |
| 15         | bit of oil, and they had, in addition to the refueling     |
| 6          | cost, they had to put in 18 quarts of oil in the engine,   |
| L <b>7</b> | and they didn't have enough money for the 18 quarts. So    |
| L8 .       | they signed a voucher for it.                              |
| 9          | And told me they had done                                  |
| 0          | this and the next time I saw Quintero, or Quintero came    |
| 21         | to town, which was some weeks later, I told Quintero that  |
| 2          | they owed \$60-some, \$60-80, for the oil that they had on |
| 23         | the voucher, and he gave me an envelope which he said      |
| 24         | contained the dollars. I did not count it.                 |
| 25         | I took the envelope and I gave it to                       |

## UNCLASSIEJED

| 1    | and I said, this is for the bill. But both took          |
|------|--|
| 2    | off and landed without incident.                         |
| 3    | Q Do you know whether the flights were                   |
| 4    | humanitarian flights, or lethal?                         |
| 5    | A These were lethal supply flights.                      |
| 6    | Q How did the other lethal supply flights make           |
| 7    | the deliveries if they weren't using Point West and if   |
| 8    | they weren't stopping at International Airport?          |
| 9 .  | A They took a smaller load.                              |
| 10   | ' Q And flew round trip non-stop                         |
| 11   | A Pardon me?   |
| 12   | Q And flew round trip non-stop                           |
| 13   | A Well, as you will recall, I mentioned that I           |
| 14   | asked for flight information from headquarters. They     |
| 15   | provided that flight information for the first flight or |
| 16   | flights after that.                                      |
| 17   |  |
| 18   |  |
| 19 . |  |
| 20   |  |
| 21   | However, using the smaller aircraft, they had            |
| 22   | to carry more gasoline if they were going to make that   |
| 23   | long trip. And, by carrying more gasoline, they carried  |
| 24   | less of a payload. So, the trips inside, especially      |
|      | during genterhood during the six dware in Centember, the |

UNCLASSIFIED

| •    | private beneractors decided that they wanted to get as   |
|------|--|
| 2    | much in to these people as they could. So, instead of  |
| 3    | taking that long route, with a lesser payload, then they   |
| 4    | decided to go  |
| 5    |  |
| 6    | As I understand it, they did that; they used   |
| 7    | that route the six times certainly not with my   |
| 8    | concurrence, but that's what they did six times to   |
| 9    | make the deliveries. The seventh time they tried it,   |
| 10 . | which was not a delivery to the southern front, but to   |
| 11   | the FDN in the South it was the Hasenfus flight  |
| 12   | Q Do you know  |
| 13   | λ Yes.   |
| 14   | Q To your knowledge, was he ever out at Point  |
| 15   | West?  |
| 16   | A Oh, he certainly could have been, but I don't  |
| 17   | luios that, that he ever went there,   |
| 18   | Contract to the contract of th |
| 19   |  |
| 20   |  |
| 21   | Q You never made arrangements for him to be out  |
| 22   | there?   |
| 23   | A Oh, no sir. The fact that he went, he went on  |
| 24   | his own. Certainly, knew   |
| 25   | about Point West, especially   |
|      |  |

| 2      | Q Do you know, I can't say his name right,             |
|--------|--|
| 3      | Sigoberto Nunez.                                       |
| 4      | A Yes, I know of him, but I have never met him.        |
| . 5    | Q You have never met him?                              |
| 6      | A No sir, but I know him.                              |
| 7      | Q Did you know that he thains to have known            |
| 8      | Oliver North?  |
| 9      | A I don't know that to be a fact.                      |
| 10     |  |
| 11     |  |
| 12     | (A discussion was held off the record.)                |
| 13     | BY MR. BARBADORO: (Resuming)                           |
| 14 .   | Back on the record. Were you aware that he             |
| 15     | had meetings with the Owen                             |
| 16     | A Tes  |
| 17     |  |
| 18     | Q I understand, What did you understand those          |
| 19     | meetings to be for?                                    |
| 20     | A In the same genre of meetings that Rob Owen          |
| 21     | had with a lot of people associated or involved in the |
| 22     | resistance movement.                                   |
| 23     | by you know a guy who has called misself Glenn         |
| 24 jąz | Foreit?  |
| 25     | No, never heard that before. Who is that?              |

A guy who calls himself Glenn Ford who met

| Ì | 8 | 0 |
|---|---|---|
|   |   |   |

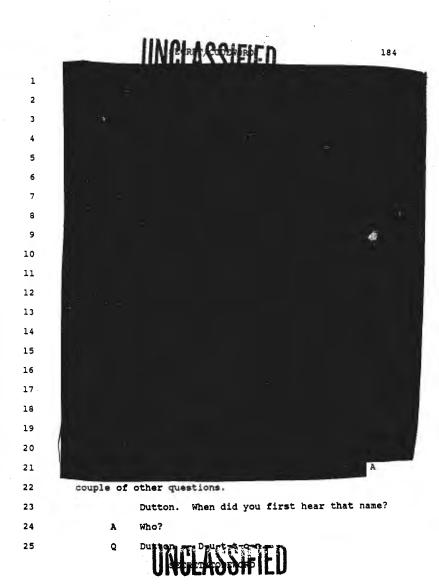
| 2  | with Rob Owen and Runez.   |
|----|--|
| 3  | A Never heard the name before.   |
| 4  | Q Do you know if Nunez was involved in any                                   |
| 5  | activities regarding the Honey and Avrigan lawsuit?                          |
| 6  | A Yes. He was one of the people named in the                                 |
| 7  | Miami Federal court case, and he was also involved in a                      |
| 8  | very sensitive operation related to that, which not even counsel knew about. |
| 10 | Q Okay. My question then, and I will focus it                                |
| 11 | very narrowly on Oliver North and Rob Owen, do you know                      |
| 12 | whether Munez had any contact regarding that lawsuit at                      |
| 13 | the direction of Oliver North or Rob Owen, or somebody                       |
| 14 | working for them?  |
| 15 | A Yes, to this extent. Dagoberto Numez obtained                              |
| 16 | from some source copies of the federal suit, the legal                       |
| 17 | papers, and, if I'm not mistaken, I think he turned over                     |
| 18 | a copy of his copy to Rob Owen. To the best of my                            |
| 19 | knowledge, that is all I know.   |
| 20 | Q And that is all you know about the contacts                                |
| 21 | with Owen and North concerning that suit?                                    |
| 22 | A Yes, that he, Dagoberto, kept Rob informed                                 |
| 23 | about what his had learned concerning these people, Honey                    |
| 24 | and Avirgan. Now, where he got that information from, I                      |
| 25 | don't know. I think it was from his Wiami-Cuban                              |

# VELACOFIED



PAGÉ 183

DENIED IN TOTAL



| 1  |      | · A  | Except in the papers that I've read since I've   |   |
|----|------|------|--|---|
| 2  | been | here | in the States, I've never heard of that name.  |   |
| 3  |      | Q    | Did you ever speak with a Robert Dutton?   |   |
| 4  |      | A    | Not that I know of.  |   |
| 5  | -    | Q    | How about a Richard Gadd?  |   |
| 6  |      | A    | No, sir.   |   |
| 7  |      | Q    | How about a Max Gomez or a Felix Rodriguez?  |   |
| 8  | 1    | A    | I was implyed  |   |
| 9  |      |      |  |   |
| 10 |      |      |  |   |
| 11 |      |      |  |   |
| 12 |      |      |  |   |
| 13 |      |      |  |   |
| 14 |      |      |  |   |
| 15 |      |      |  |   |
| 16 |      |      |  |   |
| 17 |      |      |  |   |
| 18 |      |      |  |   |
| 19 |      |      |  |   |
| 20 |      |      |  |   |
| 21 |      |      |  |   |
| 22 |      |      |  |   |
| 23 |      |      |  |   |
| 24 |      |      |  | V |
| 25 |      |      | The second secon |   |
|    |      |      | Oltoward In  |   |



the last time that I saw Felix Rodriguez-Mex Gomez.

However, it occurred to me that, just several weeks ago, that at some point, in September, I had heard from Raphael Quintero that Max Gomez was really creating all kinds of problems for Quintero, and for the warehouse and the benefactors there the crews and so forth. I don't know exactly what it all was, and Quintero gave me Max's phone number or Felix's phone number just before I went on a trip to the States, and when I was in Miami, I telephoned his home and I was going to tell him, look, don't be obstreperous. Be a nice guy.

You know, we go back a long ways, and so forth. But, after I got him on the phone, and I heard that voice again, that tough arrogance, I just said, No, look, I just wanted to give you my regards. You are -- you know, I appreciate everything you are doing. I was going to go much further than that. I didn't, and I hung up the phone. That's the only time I've talked to him since 1971.

| 1   | Now, a lot of things have been said around and           |
|-----|--|
| 2   | assumed around, but that's it.                           |
| 3   | Q There was a Chiefe of Station meeting                  |
| 4   | in the same of the whore the new head                    |
| 5   | of LA. was down to most with you folks,                  |
| 6   | wasn't there?  |
| 7   | A Yes. However, let me back up for you to                |
| 8   | explain that meeting.                                    |
| 9   | Q And this is the final topic I have. So, when           |
| 10  | we finish that, I think we can finish.                   |
| 11  | A In April 1986  |
| 12  | station in a pre, when h was Division thief-designate,   |
| 13  | in sort of a pre-takeover, get to know the Central       |
| 14  | American region. And, hen he ame in, when we met,        |
| 15  | and I must tell you that the I have been close           |
| 16  | friends for a long time. We've worked together. In       |
| 17  | fact, he brought me in originally to the task force, whe |
| 18  | he was Chief, when he was                                |
| 19  | predecessor.   |
| 20  | So he knew a lot of the players, and                     |
| -11 | it was really sort of an update on what the political,   |
| 22  | military and the rest of the situation was. While he wa  |
| 23  | there I told him about communicating with the private    |
| 24  | harafactors, and I had behind me on the floor behind my  |

| 1 | 8 | 8 |
|---|---|---|
|   |   |   |

using for secure communcations.

| 2   | Q To whom did you tell him you were                     |
|-----|---|
| 3   | communicating?  |
| 4   | A To North. I don't know if I mentioned                 |
| 5   | Quintero, but I mentioned North.                        |
| 6   | Q Okay.   |
| 7   | A And he said, have you informed the Ambassador         |
| 8   | And I said, Yep, the Abmassador knows about all this.   |
| 9   | And he said, well, look, I don't know the points of law |
| LO  | regarding this, but I'm going to go back home and I am  |
| 11  | going to check on it, and I will advise you. I said,    |
| L 2 | fine, but as far as I am concerned, it's passing        |
| L3  | information for the purpose of secure delivery of the   |
| L4  | materiel, et cetera, et cetera.                         |
| 15  | And he said, okay, but I'm going to check on            |
| L 6 | the law, and I'll get back to you. Thanks,              |
| L7  | That's that last part of the discussion.                |
| .8  | A meeting was held in May 1986                          |
| .9  | well, there were several meetings. But the              |
| 0   | one we are concerned with here is the meeting that took |
| 21  | place with  |
| 22  | ayest; and  |
| 23  | and the subject immediately upon the door               |
| 4   | being closed was, look, got a problem, and we've        |
| 25  | gotta fix it because the question of his communication  |

#### UNCLASSIFIED

| for the passing of information of the thing is            |   |
|---|---|
| complicated, and it could present us with a problem.      |   |
| That's the gist of it. But, he did say,                   | Ĺ |
| has a problem and we need to fix it. And so it was our    |   |
| common problem. Okay, the solution we came up with was    |   |
| the following: in order to take me out of the loop,       |   |
| we would train a Nicaraguan Resistance Communicator       |   |
| give him communications equipment, and one-               |   |
| time pads, and send him where he would be                 |   |
| located and interface with the private benefactors, and   | • |
| when he received information from the private benefactor  | s |
| concerning a flight, he would encipher it, send it to th  | e |
| Mesistance Communications Center who would                |   |
| relay it inside to the commanders.                        |   |
| Likewise, information from the commanders                 |   |
| concerning a drop zone, timing, et cetera, request needs  | , |
| would be relayed through the communications center, which | h |
| would encipher it and send it on the corresponding one-   |   |
| time pad to their man inside It looked                    |   |
| like an ideal situation.                                  |   |
| Q It didn't work, though, and the reason it               |   |
| didn't work was they decided later on that they couldn't  |   |
| provide the support necessary to put the UNO South        |   |
| communicator in isn't that right?                         |   |
| No, not quite. We worked. We trained the                  |   |

U**nc**eassfifn 1 man. We selected him We got him 2 all set up to go The private benefactors 3 provided a paid ticket. The problem was, we couldn't get the man a visa in his Nicaraguan refugee document. I communicated with asking him to go 6 to see it 200 could go 7 get a visa for this guy to be 8 able to go up there. came back and said, no, we can't do it. 10 11 12 13 14 15 16 we saked him, can you fix it so that this communicator can get up there, or this individual can get up there? 17 18 And he said, I don't think there is any problem. did it. 19 20 Just at that point, with the visa fixed, the 21 22 airline ticket in hand, the training completed ready to send them up there, we get a 23 cable from Headquarters, dated July 12, which says, stand 24 down on the whole operation. Shock of all shocks. I 25

7

10

11 12

13

17

19 20

21

22

23

24

25

#### UNCLASSIFIED

191

thought we had the problem and that we were going to take care of it. Now the stand down, and, you know, the text of the cable.

I go up to Meadquarters after that on consultation, and I went in to see and he said, What happened? I said, what happened? He said, I called in. This is the aftermath. said he called in referring to the stand-down cable, and he said, I thought that we had to fix problem by getting a communicator up there. Why did we send out this cable? not realising what cable he was talking about, . oh, don't worry about it, that's all been taken care of -- meaning that, or thinking that, we were still talking about the visa problem. Division Chief, is left that the cable he is with the impression from referring to, the July 12 stand- down cable, has been taken care of. At the same time, and is responding to by telling him that it's all been fixed concerning

The communicator didn't go because of the stand-down cable. Knew that the communicator didn't go. Early September, North tells me, he said, we want to clear out the warehouse at and send everything down in a

INCLASSIFIED

| big push to the | people in the south.    | And he said, can   |
|-----------------|-------------------------|--------------------|
| you we don't    | have a communicator.    | Can you handle the |
| coordination of | the information, of the | ne passage of      |
| information?    |                         |                    |

I said, sure, have him come down. And that's where the other six flights came in -- seventh, ninth, eleventh, fourteenth, eighteenth, and the twenty-third -- and every one of those flights, every one of those flights, either in operational traffic or as disseminated intelligence report, or both, were reported to knew we didn't have a communicator up there. Knew we didn't have a communicator at handling all this traffic.

My question is, in retrospect, who do they think was doing it? There was no fairy godmother up there handling a thing. I had done it earlier because I had told them. They knew I was handling. I had to be handling it now, because the communicator had not gone

Q But my point to you is that you also knew that you weren't supposed to be passing those communications on.

- 23 A Why not?
- 24 Q Weren't you told that in May?
  - A I was told in May that there was a problem and



.93

|    | UNCLASSIFIED   |
|----|--|
| 25 | :: Nicaroguana   |
| 24 | American. Claudio Pianeso is an Italian-               |
| 23 | A Wait a minute, Claudio Picasso is net a Cuban        |
| 22 | Picasso, Rene Corvo, Petre Bernandez                   |
| 21 | of them is Dagoberto Numes. The other four are: Claudi |
| 20 | names of Cuban-Americans. There are five of them. One  |
| 19 | Q The last thing I have, let me read you some          |
| 18 | Por favor.   |
| 17 | tells the world, I didn't know anything about it.      |
| 16 | things. But, when you take a look at the facts,        |
| 15 | it's very easy to Monday>morning quarterback on these  |
| 14 | back to meadquarters informing them of it. You know,   |
| 13 | went in, and the reports and the traffic out           |
| 12 | Stop. Nobody said it. Flight after flight after flight |
| 11 | and tell me, hey, stop, you know, don't do that.       |
| 10 | flight, or even the third flight. Did anyone come down |
| 9  | the case with the first flight, or even the second     |
| 8  | A But, of course. All right, let's say that was        |
| 7  | that you should continue?                              |
| 6  | problem, since the solution had been not implemented,  |
| 5  | Q So, you assumed that even though there was a         |
| 4  | I was still passing the traffic.                       |
| 3  | communicator up there. So, we were back to square one. |
| 2  | the solution that I offered to them about sending the  |
| -  |  |

#### UNOLASSHIED

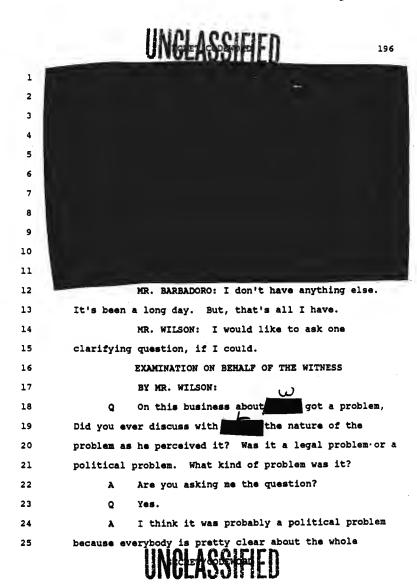
194

| 1  | [Laughter]  |
|----|---|
| 2  | Q Okay.   |
| 3  |   |
| 4  |   |
| 5  |   |
| 6  |   |
| 7  | Q Let me just finish this list. The last person     |
| 8  | I have is, Felipe Vidal Santiago. Were any of these |
| 9  | five people involved in any way with the private    |
| 10 | benefactor operation?                               |
| 11 | A No.   |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 | V   |
| 18 |   |
| 19 | Y   |
| 20 |   |
| 21 |   |
| 22 |   |
| 23 |   |
| 24 |   |
| 25 |   |

UNOLHOOMILL

PAGE 195

DENIED IN TOTAL



| question of passing information. I did not really |
|---|
| have a problem in the South in terms of the       |
| straightforwardness of it. I think, for example,  |
| the FDN and must have                             |
| had a daily I can't see how they operated without |
| a lawyer, because they were much more involved in |
| military.   |

I mean, the FDN was much more involved in military matters, and it had to slop over into concerns. So, I think that really in my case it was a political problem. We were dealing with the passage of information. Yet, what happens if the Congress finds out and wants to make an issue of this. I think that's what we were all trying to avoid -- the inference or the implication, the insinuation of a violation of the Boland Amendment.

clearly, that was the case with the July 12th cable, and it said so. That we're very close to the vote. We're about to get it. We don't want to do anything to endanger it. I mean, it was a Johnny Two-Step that just said, look, guys, back off on facilitating the communicator up there.

MR. BARBADORO: Okay, the House people wanted me to let you know that there is a possibility that they may want to do a similar deposition of course, they



198

| 1          | would have yours available to them, and it would be much, |
|------------|---|
| 2          | much shorter.   |
| 3          | MR. WISE: Yes, in fact we will be in contact              |
| 4          | with you regarding a communication of the immunity order  |
| 5          | by the quorum on our Committee.                           |
| 6          | MR. BARBADORO: Thank you very much.                       |
| 7          | (Whereupon, at 4:39 p.m., the taking of the               |
| 8          | instant deposition ceased.)                               |
| 9          |   |
| .0         | Signature of the Witness                                  |
| .1         | Subscribed and sworn to before me this day of             |
| .2         | , 1987.   |
| .3         |   |
| L <b>4</b> | Notary Public   |
| LS         | My Commission Expires:                                    |

UNGLASSIFIED

#### CERTIFICATE OF NOTARY PUBLIC

| I, ANNE PELLECCHIA HOROWITZ, the officer                 |
|--|
| before whom the foregoing deposition was taken, do hereb |
| certify that the witness whose testimony appears in the  |
| foregoing deposition was duly sworn by me; that the      |
| testimony was taken by me by Stenomask and thereafter    |
| reduced to typewriting under my direction; that I am     |
| neither counsel for, related to, nor employed by any of  |
| the parties to the action in which this deposition was   |
| taken; and further, that I am not a relative or employee |
| of any attorney or counsel employed by the parties       |
| thereto, nor financially or otherwise interested in      |
| the outcome of the action.                               |

Notary Public in and for the State of Maryland.

My Commission expires

22

#### UNCLASSIFIED

#### INO A SECRET

HSITS-35/87

DEPOSITION OF Tomas Castilla)

Monday, May 4, 1987

U.S. House of Representatives,

Select Committee to Investigate Covert

Arms Transactions with Iran, Washington, D.C.



The Committee met, pursuant to call, at 11:00 a.m., in Room 2203, Rayburn House Office Building, with W. Neil Eggleston (Deputy Chief Counsel of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel;
Tina Westby and Richard H. Giza, Permanent Select Committee
on Intelligence; Richard L. Leon, Deputy Chief Minority
Counsel and Thomas E. Wilson and Mary Beth Sullivan, on
behalf of

Partially Declassified/Released on 5 h 288 under provisions of E.O. 12356 by K. Johnson, National Security Council





Q Were you aware that Robert Owen was carrying munitions lists from the contra leaders to Colonel North?

A No, sir.

Q Did you know whether he was making payments to the contra leaders of funds he received from Colonel North?

A No, sir. I had heard rumors to that effect, as everybody heard rumors and, in fact, he was in the press that Robert Owen was some sort -- he never said that to me, I never questioned him on it. I just didn't.

 ${\tt Q} = {\tt The\ rumors\ were\ that\ he\ was\ a\ bag\ man\ for\ Colonel}$  North?

A That he was a bag man for the contra leaders, that he was bringing money to them.

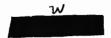
Q Now, I am not asking you what you knew. I am asking you what the press and the rumors were that you were aware of at the time. Were those rumors reporting that he was carrying money on Colonel North's behalf?

A Frankly, I didn't put much stock into this whole thing because I didn't think they were true. I thought that it just seemed to be a conclusion that somebody had drawn by the mere fact that he was always around and always there and always lent him a sympathetic ear. I don't personally know of any occasion when he brought money to them

LASSIFIED

#### **INVERASSIFIE**BT

1 Whereupon,



having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

#### EXAMINATION

BY MR. EGGLESTON

Q my name is Neil Eggleston. I am

Deputy Chief Counsel of the House Select Committee to

Investigate Covert Arms Transactions with Iran. Also

present are Congressman Brooks and Congressman Fields, both

members of that committee, and Mr. Giza and Tina Westby are

also present and your two counsel.

This deposition is being conducted pursuant to rules and a resolution which was passed establishing the committee and permitting the committee to conduct depositions in furtherance of its investigation. I have previously provided your counsel with copies of the resolution and of the rules. If I haven't or if you would like to see them, I have brought them with me today.

MR. WILSON: We do not have a copy of those. We got them from the Senate.

MS. SULLIVAN: We do have them.

MR. EGGLESTON: If you didn't, I have brought copies with me in case there is any confusion.

<u>unclassified</u>

BY MR. EGGLESTON:

#### INCEASE CRET

1 2

 Q do you know a person by the name of Colonel Oliver North?

A I respectfully decline to answer on the grounds that it would be inconsistent with my Fifth Amendment privilege.

Q I take it that if I asked you additional questions about your involvement with Colonel North or other activities you will similarly refuse to respond; is that correct?

A That is correct.

let me advise you that on March

30, 1987 Judge Aubrey Robinson, a United States District

judge in the District of Columbia, signed an order which

provided that you were immunized from the use of your

testimony or information derived from your testimony. I have

presently provided a copy of this to your counsel. Have you

seen this?

A Yes.

Q I ask that this be made part of the record.

(Whereupon, the document referred to was made a part of the record.)

BY MR. EGGLESTON:

Q Mr. Brooks and Mr. Broomfield, let me show you a copy of it and we will ask you now to direct to respond to any questions that may be posed to him since

this order does grant him immunity from use of his statements. He is directed to respond.

> MR. BROOKS: He is, yes.

BY MR. EGGLESTON:

let me tell you what I hope to do in this deposition.

You have previously given a deposition to the Senate at which a sepresentative of the House was present, although he was not asking questions because at that time the immunity order had not yet been conveyed upon you. I have not yet had that transcript made available to us.

I would like to ask you general questions about your background and then instead of conducting a complete deposition, there are various areas that I want to question you about that in my understanding from the Senate may or may not have been covered but I would like to cover: them in a little more detail.

Let me ask about your background. When did you begin with the CIA?

- What was your first assignment?
- After training, my first assignment was a temporary for a few months. And my first permanent

assignment was

IIME VZZIETET

1 2 3

5

6 7

8 9

10 11

12

13 14

15

16

17

18 19

20

21

22

23

24

## INCPASSIFIEDT

 Q You are a little later coming to the CIA than most of the people with the CIA that I have had occasion to talk to now. What did you do before you began with the Agency?

A I was a police officer for eight years,

I started as a patrolman and left as a detective stream.

Q If you could just complete the various assignments you had at the Agency up until the time that you were appointed Chif of Station

Central American Task Force, kets 1982 until July 1984, Chief

of Branch,

July 1984 until present, Chief of Station,

Q Are you still as of today with the Central

LEGIS 28 LOVAL

#### 1 Intelligence Agency?

2

3

5 6

7 8

9

10 11 12

13 14

15 16 17

18 19

21 22

20

23

24 25 Yes, sir.

Is your retirement scheduled?

I have no intention to retire.

You have no intention to retire?

That is right.

I am on

administrative leave at present.

Let me just ask you -- as I say, I am not going to -- I know that the Senate spent almost an entire day with you. I don't intend to spend that long and want to ask you some questions about particular areas. They are not necessarily going to come in chronological order and Mr. Giza and Ms. West might have questions as well.

When did you first get one of the encryption devices?

Spring, I think -- I think -- Spring of 1986.

O April of 1986, as I understand it from reading the various files that, as you well know, have now been created on you, there were the first of the four shipments where you cabled for vector information and you got the responses; is that correct? Is the first one of those in April of 1986?

There was a flight in April 1986, only one. mentioned four.

### UNCEASSIFIED T

 Q I am sorry. I meant the first of four, the first one being in April. I didn't know that there were four in April.

A As I recall, there were nine altogether, and I have them categorized in my mind as the first one being the Bell 100 flight, which I believe was in April of 1986. That is when the delivery was actually made.

However, prior to that there were attempts which were aborted for reasons of mechanical failure or whatever.

After that April flight there were, I believe, two, and then there was the final group of six in September.

Q As of -- I guess the question I was sort of leading towas as of the time of the first flight in April that actually went through, did you have the encryption device by that time, if you know?

A Yes, I think I had it by the time that first flight came in.

Q Who gave you the encryption device?

MR. WILSON: May I clarify for the record that the encryption device is a KL-43?

MR. EGGLESTON: That is correct.

BY MR. EGGLESTON:

- Q That is correct. To the best of my recollection, it was mafeel Quintero, a private American citizen.
  - Q It is also my understanding that on these KL-43s

IINCLASSIEIEU...

encryption code that goes with it

#### TONCISCRET

and

that it is sort of a physical device but in addition to the physical device, there has to be a key, the

time?

| . <b>A</b> | I called it a cassette because |  |
|------------|--------------------------------|--|
|            |                                |  |
|            |                                |  |
|            |                                |  |
|            |                                |  |
|            |                                |  |
|            |                                |  |
|            |                                |  |

it was obviously a U.S. Government-produced tape.

- Q My question is did you receive more than one of those over the period of time --
  - A I received
  - Q How did you get each of those?
  - A Mr. Quintero delivered them to me.
  - Q You think you got them from Mr. Quintero each

A Yes, I don't think North ever gave me one. I know that Quintero did.

O You kept the device through September?

#### TOPASSIFET

9

I kept the device from the time I received it 1 2 with me until December 1986. Of course, I didn't use it after early October. And in December I 3 brought it to Miami, put it in a box, unlabelled, sealed 4 box, and left it at my mother's home in Miami. 5 I subsequently turned it over or she on my 6 instructions turned it over to an Agency officer 7 who returned it to Headquarters. 8 I would hope that my mother would not be involved 9 in this matter. 10 It sounds as if your mother received a sealed 11 box --12 That is correct. Unlabelled, sealed box. 13 Α Which she turned over to an agency official. 14 Other than Rafael Quintero, Colonel North and 15 Mr. Copp -- why don't I ask it this way. Who did you 16 communicate with --17 Only Colonel North and Mr. Quintero. 18 You never communicated with Mr. Copp? 19 I did not. 20 Let me go through the other people. 0 21 Let's clarify -- I did not know who Mr. Copp 22 was until I was told by the Tower Commission investigators 23

that that was a pseudonym used by Mr. Secord -- or General

Secord. I never communicated with him via this machine and

## INPLASSSFREDT

10

I only saw him one time, which I have, of course, explained to the committees.

Q Were you aware that there was a Mr. Copp

Q Were you aware that there was a Mr. Copp
who was involved with Mr. North in the re-supply operations?

A It is difficult to say because at times North would say names and -- because they didn't mean anything to me, I didn't pay attention to it, never registered with me.

Q So what you are telling me is that he may have mentioned a Mr. Copp or he may not have, and you don't really recall?

A There were other names that he mentioned that I simply do not recall. I am consciously trying to avoid recalling, even letting it register with me.

- Q Did you know a man by the name of Robert Dutton?
- A No.
  - Q Robert MacAlister?
  - A No.
  - Q Let me go through the list.

Richard Gadd?

A No. Now, that is a name that I had heard North use, but I did not know who he was and I have never met him.

- Q Did you know Robert Owen?
- 23 | A Yes.
  - Q How did you first meet Robert Owen?
  - A Ambassador Tambs introduced him to me in his office.

INCI ASSIFIED.

3 4

1

2

5 5

7 8

9 10

11 12

13

14 15

16

17

18 19

20

21

22

24

Do you recall when that was?

# UNCEASSIFIED T

A I pondered that question, and the best I can come up with is some time in August or September of 1985. It was after Tambs arrived at post and that was July and we had heard about this Robert Owen, and I had heard his name being mentioned by Nicaraguan resistance personnel, but we had never met the quy.

Q So you think the first time you met him was in a meeting --

A I remember the occasion when Ambassador Tambs called me into his office and said there is somebody here I want you to meet.

Q What did Ambassador Tambs tell you about Robert Owen?

A To the best of my recollection, and I am not sure it is accurate, that he was someone who worked with Colonel North.

Q Did you understand that to mean that he was a Government employee?

A Oh, no, it was quite clear to me that he had no Government connection and I never asked him nor do I know to this day who he actually worked for. I have heard reports that he works for some public relations firm but I never asked and he did not tell me. When he eventually became associated with the Nicaraguan Humanitarian Assistance

MULAZZITITH

# INCLASSIFIED

Office of the Department of State then, of course, I knew who he worked for.

I was very careful in dealing with Mr. Owen because he was an American citizen. I can't task him under agency regulations to find out something, even though my officers and I were well aware that Robert Owen probably had the most extensive network of contacts among the resistance leaders, including people with whom we did not want to have contact with, and who, however, were involved with the Nicaraguan resistance.

mercenaries, people like this, that were accepted by the Nicaraguan resistance as compatriots in their struggle. However, we were very leery of these people.

However, Robert Owen had an entre to them and so from time to time when he came to town I would meet with him for breakfast or a cup of coffee and he would voluntarily give me sort of a round-up of what he knew about what was going on, which I accepted as any American citizen who wishes to volunteer information to its Government. Later on when he did become involved with the Nicaraguan Humanitarian Assistance, I did ask him, because then he was a Government employee, I did ask him to find out things about what was happening with that group or another group, but that was the extent of it.

# INCLASSIFET

Did you know the date of his relationship with

groups.

 Colonel North?

A I assumed he was a leg man for him and went out to find out on behalf of Colonel North or people that

Colonel North had contact with what was going on

among the various political and resistance

He didn't deal too much with the political area, but since there was overlap, he occasionally came up with tidbits that were interesting.

As I say, he was very well informed.

- Q Do you know how he developed these contacts?
- A I assume he did it through one principal contact he had, John Hull.
  - Q You knew him to be a close associate of Hull's?
- A Yes. Someone told me at one time Hull considered him sort of his adopted son.



# UNCEASSIPIET

and whatever the press reports were, I simply don't -- I

4 5

 can't recollect.

Q You never asked Owen whether he was carrying money?

A No, sir.

Q Did you ask Colonel North whether Owen was carrying money to Colonel North?

A No, sir.

Q I know that everyone has asked you lots of questions about the airstrip. I have read your Tower Commission testimony about the airstrip and I am not going to soup to nuts the airstrip and I am sure that the Senate asked you lots of questions about the airstrip but I don that have the transcript available.

When did you first become knowledgeable that there was an effort to build the airstrip?

A As I explained, I think more amply to the Senate than to the Tower Commission, the idea of an airstrip was really an idea, a concept, that grew out of a problem that the United States mission and most specifically myself, and to just a slightly lesser extent, the Ambassador,



# UNCEASSIFIEFT

Well, as you know, our influence diminished after the Boland Amendment was enacted and whatever leverage we may have had on them before, which was minimal, believe me, was close to non-existent at the time so it was a problem for us having to deal with and the fact that we were at the same time attempting to keep this force viable until the Congress could reconsider the question of support to the military side of this.

At the same time, I had the responsibility of

17

2 3 4

1

5

6 7

8 9

10 11

12 13

14 15

16 17

18

19 20

21 22

23 24

25

trying to bring about some sort of a coalition -- probably a better word is aggregation of the political groups -well, since the political groups were closely tied to the military groups and that these were their brothers in arms, it became a complex problem or it was a complex problem.

So in looking for a solution

the obvious solution is

get them back inside Nicaragua to fight.

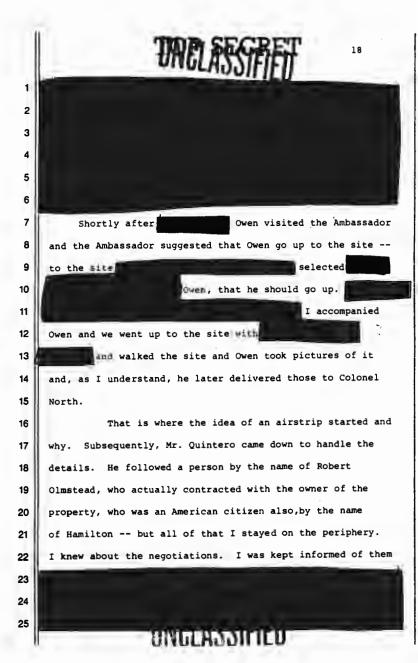
How can this be done without some means of eventually supporting them? Well, in looking again in conceptual terms, down the road to when there would be a re-institution of military assistance, it became apparent that the only way that these people could be supported was through some site which -- where there could be for re-fueling or re-supply that the aircraft could land and re-supply the southern Nicaraguan forces.

All of this was discussed almost on a very frequent basis with the Ambassador because of his high degree of interest in the whole matter of southern forces.

So in either -- I think it was August -- August or September, maybe late August or early September, but in there -- Ambassador Tambs

and the issue of or the concept

of an airstrip was



# UNCLASSFEET T

Q

Wa

was the one who primarily kept you

apprised of the negotiations?



Q Let me go back to the first sort of step that you told us about. You had indicated that there was some notion that this airstrip might be a place that would be used once, assuming Congress reversed its position and once official U.S. military support became permissible, again?

A Yes, let me -- my feeling about it was that
these people were doing this thing and I thought that was
primarily their business. I didn't advise them on how they
should proceed other than that I wanted the thing to be
kept absolutely discrete and quiet. I didn't want, and in
fact, I insisted that no Nicaraguan should ever
know about the existence of this airstrip. My reason for that
was I eventually envisioned that the agency would take over
this operation and that it would be run as a paramilitary
air operation site once there was the re-institution of the
funding.

UNCLASSIFIED.

20

2 3 5

6 7

9 10

13

14

15

16 17

18 19 20

21 22

23 24 25

I never really thought that these people could do anything more than -- the private people could do anything more than to really build it. If that is what they wanted to do, fine, but for operational reasons I could see that this could only be carried out by our own people with the necessary expertise.

Your supervisor, I take it, generally at the

During this period, yes.

He, as I understand it, was Porce from October 1984 - He and Boland in at the same time; is that your secolingtion?

Could you ask me the question again?

It was a wandering question, not very well framed. Is it your recollection that Chief of the central American Task Force right around the

time the Boland Amendment became effective, early October of 1984?

I think it was later than that.

I think -no, in fact, I am certain it was later than that. took over the tank force in the spring of 1985. positive.

Why are you positive?

Because I know who was the Chief of the Task

21

2

1

3 4

a trip

5 6

7

8 9

10 11

12

13 14

15 16

17

18 19

20

21 22

1985,

Force?

23

24 25

Oh, yes. Α

and he stayed all through that winter and then the first time I met was when he made

in the Spring of 1985.

But at least by August of 1985 -- let me just has told me that he started in October -- can we go off the record? of 1984, that

(Discussion off the record.)

MR. EGGLESTON: Back on the record.

BY MR. EGGLESTON:

And who was it?

In any event, it is your recollection that does not begin as Chief of the Central American Task Force until the Spring of 1985 and that

remained in the position throughout the Fall of 1984 --

That is my impression. Certainly in the fall of 1984, and I would -- I am pretty sure it was into the winter of 1984-85, and that took over some time around March or April of 1985, and that there was an interim chief or maybe there was just an acting chief during that period.

> Okay. But in any event, at least by August of is Chief of the Central American Task

> > about the need

### HINDPASSEEREDT

22

to create an airstrip if the agency got back in military re-supply prior to August of 1985?

Prior to, no, because this all came about due to the increase in difficulty that we were having with the It had been over Nicaraguan resistance people a year that we hadn't been able to give them any support except moral support, and things really reached a very bad point, with lots of incidents such as the ones I described earlier, and so the coincidence of Ambassador Tambs' heightened interest,

the locating of an airstrip in Costa Rica sort of

brought together the opportunity 12

> you are going to get the contras back inside they have to be re-supplied and they won't go back inside unless they have re-supply, yet they can't be re-supplied unless there is a site where they could be, even though it is another place and the aircraft could be re-fueled there.

So it wasn't a subject of conversation with at that time or even --

That was the next question. When is the first time that you think that you had a discussion with face-to-face, I am not talking about cable

traffic, but face-to-face about the airstrip?

MITANNELL

24

1

2

3

4

5

6

7

8

9

10

11

13

14

15

16

17

18

19

20

21

22

23

23

2

I sent a cable to headquarters and it was read by In our parlance we talk to our headquarters counterparts or supervisors by cable, in those terms. that would have been the first time.

And you think that was immediately after --

I don't recall the date of that cable, but I would say certainly within a week to ten days after the Ambassador reported back to me. I had completely forgotten I had written that cable until the Senate counsel showed it to me, which, in fact, was a very fortuitous aspect.

And then you received a cable back; is that right?

Well, as I said, I didn't remember even sending it so I don't really remember getting an answer, no.

Let me get to the answer to my question. recall a time when you discussed personally with the airstrip?



Yes. Some time, much later on, a visit that I made to headquarters, but I don't remember whether -- but I did discuss it with him.

Was that still in 1985?

Oh, yes. It would have to be. The fall of 1985, some time in the fall or early winter of 1985. The reason I say that is because the airstrip was a fits and starts thing, and it was some time after construction had been started, and it was some time after I had talked to

3

1

5

6 7

8 9

10

11 12

13

15

16

17

18 19

20 21

22

23

and I assume before the Senate.

me covering --

### UNCEASSIFIED T

Assistant Secretary Elliott Abrams about it, or rather,

that Assistant Secretary Elliott Abrams raised it with me.

because you testified that at least in the Tower Commission

Right. I am not going to ask you about that

24

1

3

5

7

8

9 10

12

13

14

16

17

18

19

20

21 22

23

24

A Yes.

Q That is one of those areas there is no point in

A Except that it allows me to answer the question with this comment. I took it for granted then that since the RIG was apparently aware of it, then obviously had to be aware of it. In fact, I asked, if I am not mistaken, I asked Assistant Secretary Abrams if was aware of it and he answerd in the affirmative, yes, that is correct.

- Q And that occurred during the conversation that you had with Abrams and the two case officers --
  - A that is correct.
- Q Was there other cable traffic in the fall of 1985 with regard to the airstrip?

A I don't think so. Because, as I said, I took
this as being extraneous to my situation

It didn't involve me

personally. It didn't involve my funds. It was being

undertaken by these people ASSFIFD

### There was one other aspect that in February of 1946 I was present at a meeting among the Ambassador, General Galvin, Colonel North in which Colonel North briefed General Galvin, updated General Galvin on the airstrip and the existence of the airstrip. Q Where was that? Aboard the aircraft What did he tell him? Things were proceeding, construction is a little

# THERESALISMY

behind schedule, but it was fit into a general update of

and other parts that had to do with non-

private benefactor matters.

the overall political military situation,

Did --

A Excuse me. Let me, again, to make sure that you understand me and these sort of disjointed comments, I understood that this was an officially acceptable activity. I mean, when you hear Assistant Secretary Abrams saying he knows all about it and that he is aware of it by virtue of his meetings with the other two members of the RIG, and General Galvin was being informed of it in a sort of a matter of fact way and I had awised the Ambassador and he was interested in it

while the actual physical

construction of the place was being carried out by American private citizens, as Counsel Lyman mentioned, I guess I was the only one who thought it was a big secret. It was a secret that everybody knew about.

Q I am going to introduce a series of questions by commenting that there was a story in yesterday's New York Times reporting statements that Mr. Tambs had made.

(GGKUU)/II

A Yes

have it here.

1

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

and your supervisor was

in the CIA?

INDPISERRET

27

### In the story, Mr. Tambs refers to essentially 2 taking his orders from what he considered to be the RIG. MR. WILSON: For the record, we are referring to the story starting on page 1 of the New York Times dated Sunday, May 3, 1987. BY MR. EGGLESTON: That is correct. The far right hand column is the story. What was it your understanding that the RIG was and what its function was? The RIG stands for Restricted Interagency Group and the members from NSC were Colonel North, from the CIA, from the State Department, Eliott Abrams; is that correct? That is correct. What was your understanding was the function of the RIG? It was a policy coordination body that brought together and discussed and made decisions on interests regarding the Central American military/political situation, and that this was the main policy spokesman for the U.S. Government. But I take it it was clear to you that the RIG was

a policy body and that you were -- you were a CIA employee

NCI ASSIFIFN

and people above him

### THE ASSIFED

| ' | • |   |  |  |
|---|---|---|--|--|
|   |   |   |  |  |
|   |   |   |  |  |
|   |   |   |  |  |
| ì | ė | • |  |  |
|   |   | • |  |  |
|   |   |   |  |  |
|   |   |   |  |  |
|   |   |   |  |  |

A That is correct.

Q You didn't take orders, I would assume, from Elliott Abrams?

A No. The Ambassador did.

C The Ambassador did -- you would take orders from

A That is correct.

- Q And Ollie North took orders from whomever?
- A I did not take orders from Ollie North.
- Q You didn't take orders from Ollie North?
- A Absolutely not. Ollie North and I were professional colleagues first, friends second, very close, one to the other in terms of where -- because our professional relationship certainly was also based upon the fact that we were very friendly to each other. But I need took any orders from Ollie North.

I kept him informed when he asked questions about difficult political situations going on in the south.

- Q And I take it at least to the best of your knowledge.

  Ambassador Tambs did not take orders from Ollie North?
- A That is my understanding. He did not take orders from Ollie North.
- Q And similarly the RIG as an organization did not issue orders. Orders implementing RIG decisions would have come to you from the state of the stat

IINCI ACCICIED

That is correct.

# UNILASSIFIEDT

 Q They would not have come to you from an organization called the RIG.

A They would not have come to me either from
Assistant Secretary Abrams. Now, on occasion, and there
were several occasions when Assistant Secretary Abrams
or the Central American unit at State would send orders
to their people, the Ambassador and the DCM,

When he heard

State telling the Deputy

Chief of Mission to do a certain thing,

any problem with it let him cable up to CIA headquarters and then they would -- we will discuss it up here, which was a very convoluted way of doing business, obviously.

If State did do anything -- when State attempted to become involved.

immediately informed headquarters and that was problem then to resolve it with Elliott Abrams.

Q And although that might have been cumbersome, it

# HNOLASSAFIEDT

 was up to them to fight those fights, not up to you?

A Certainly. But getting back to this, I am

going to anticipate your question --

Q Go ahead.

A I think that it was the Ambassador's perception -I don't think there was any -- that he received instructions,
I think he simply in his enthusiasm and his diligence to be
as forthcoming as he possibly could, may have perceived
this to be their desires rather than their instructions.

Q That was what I anticipated hearing, actually, because -- let me get back to the airstrip and just a few more questions about the airstrip. Had you met Rafael Quintero prior to August of 1985 -- let me ask it this way -- prior to the time that he becomes involved with the airstrip?

- A No. I had never met him.
- Q How did you establish his bona fides. How did you know who he was?

A North told me he was coming and he said he was a person that he trusted completely, and that was enough for me, to hear it from Ollie North.

Q Did you want to make a comment about another part of the story?

A Only that he refers to the strip in here where it is a total inaccuracy. I am referring to a paragraph

THE THE TANK TO THE TANK TO THE TANK TH

## TIME DESCRIPTION

31

contained in the New York Times article which appears in 2 the continuing portion on page 14 of the same edition in which 3 it says -- in which Mr. Tambs allegedly said that when he arrived in Costa Rica in July 1985, Mr. Abrams and other officers of the Restricted Interagency Group asked him to 6 persuade the Government to allow contra supply pilots to use

a secret 1.2 mile long airstrip that Colonel North's operatives

had built just south of the Nicaraguan border.

The 1.2 mile airstrip did not exist in July of 1985, in 1985. It really didn't start to be constructed until late November, early December of 1985. Construction was stopped in March of 1986. It was never completed. The grading -- the leveling had been done but the grading had

It was not possible to land an airplane at this strip with any degree of safety as we found out when Quintero reported that in June of 1986 an emergency landing had to be made there and that the plane got stuck in the mud, because there was virtually no drainage, none of that work had been completed.

So I don't understand if Tambs is quoted correctly how he could have said this.

- Because, if anything, was clear it is that in July of 1985 there was no airstrip?
  - There was no airstrip and I can't even conceive of

5

1

7

8 9

10 11

12

13

14 15 not been.

16

17

18 19

20

21 22

23 24

## HAT ASSETTED

2 al:
3 coi
4 al:
5 pec
6 Ju:

anybody in the RIG asking him to persuade the Government to allow contra supply pilots to land there. It was still a concept, it was an idea which came about as a result of all these problems we were having with the resistance people and that was some time after July, August or so when it really reached a heightened point.

And so if this tracks with the rest of what Tambs is saying here, he is obviously under a misimpression or he is not being quoted correctly. But I want to clarify that because it gives the impression -he gives the impression that there was some sort of -- that he was instructed to go through with some sort of an arrangement.

Well, that is not so.

- Q Let me ask you this -- I understand from reading your Tower testimony that it was your estimate, if I have got the right person's testimony, that the amount of money put into the construction of the air field was about a quarter of a million dollars.
  - A That is what Quintero told me.
- Q And that an additional \$50,000 had to do with the purchase of the --
- A I don't know what the arrangement was. I suppose only Colonel North or Mr. Olmstead can answer that. It was

UNCLASSIFIED

## CHOCLASS FIEBT

either a purchase arrangement with some sort of a balloon note at the end of a year or two year period, or it was a lease purchase arrangement. I know that I heard the figure \$50,000 a year is what the lease for a year was going to cost, the lease or the purchase or whatever that agreement was, the occupancy of that property for a year was \$50,000.

Quintero told me, and of course he could have exaggezated or it could have been a guess on his part, that the cost of leveling that site and the little bit of construction that they did on sort of a shack there, which was never finished either, was \$250,000, which I felt was exorbitant.

Admittedly this place was very isolated, it was at least 20 miles to the nearest road of any kind, and the graders and the tractor -- the bull dozer had to be brought in through these canyons and I guess the cost of these things is somewhere around three or \$400 a day, but it still seemed to me that \$250,000 was a lot of money.

But I had nothing to say about it. It was there --

Q That is what I wanted to ask you. This was a substantial investment into a capital asset for the contras at a time when they didn't have a whole lot of money. Where did you understand --

A Oh, I don't know that I never knew anything

### 34 about the money. I didn't know if they had millions or Did you have any understanding about where the money was coming from to pay the lease and to construct the None? The first time I heard about that None. there was even an event it was much later, when the name Udall Corporation came up. By "much later", not to rush ahead --March of 1986. And how did it come up in March of 1986? During a meeting between General Second and Quintero here in Weshington.

- And this was around the time of the photo session? Q
- The afternoon of the photo session.
- Oh, yes, and me.
- My next question --
- Our wives -- it was social.
- But did they have a non-social -- did they have a business meeting?
  - No. A
  - Was there any discussion of the air field between

IINOI Y CCILILL

2 3

billions.

air field?

· A

No.

1

4 5

6

7 8

9

10

11

12

13

14 15

16

17

18

19

20

21

22

23

24

# UNCEASSIFIEFT

35

2

3

4 5 6

7 8

10 11

9

12 13

14

15 16 17

18 19

20

21 22

24 25

23

No.

the two of them?

When the name Udall came up in the course of the meeting which occurred among Secord, yourself and was there anyone else at that meeting?

I went along

and when he sat down he started to -- he took charge of the meeting.

We are talking about

Quintero, Secord, You are right, yes. myself were in the room at that time.

Right.

he sat down and he told General Secord, this is what I want from you for the purpose of protecting the point west site, the air strip. And he went through and said that the civil guard would have access to the property, that it would be used as a training site, so forth and so on, and that is when I heard the name Udall Corporation. wanted a letter from Secord to that effect.

HINT YOU FILD.

## UNSDASSHIEDET

Was the letter coming from Udall Corporation?

| 2 |  |
|---|--|
|   |  |
| 3 |  |
|   |  |
| 4 |  |

end 16

 A I don't recall that being discussed. It was just that to this person Second was going to get a letter from whoever it was that had control of that property and that is when I first heard the name Udall

Q As being --

A As being the people who had title to this property.

Corporation or Udall Research Corporation.

Q As of this time, meaning March of 1986, during the meeting, who did you understand Second to be? What role did you understand him to have?

A That he was -- first of all, I knew he was a general. That he was somehow responsible for the private benefactors' activities.

UNCLASSIEIED

STEIN #la bp-l

# UNGEASSAFIRET

37

| 2  |  |
|----|--|
| 3  |  |
| 4  |  |
| 5  |  |
| 6  |  |
| 7  |  |
| 8  |  |
| 9  |  |
| 10 |  |
| 11 |  |

12

13

14

15

16

17

18

19

20

21

Q I asked you who you understood Secord was --

A A general, that he was sort of responsible for the private benefactors' activities.

Q Did you know that he was involved with Colonel North?

A Oh, yes, because Colonel North told that morning that he wanted him to meet with General Second that afternoon.

and then sort of to our surprise, Quintero was there. I didn't even know that he was in town.

Q When you said you knew General Secord was involved with the private benefactors, did you think that was in connection with supply of the contras?

A It seems to me that that was the first time that I was sure that General Second was involved. North may have mentioned it to me before, but I have no recollection of it. That was the day that I knew definitely that he was involved, but before that, he may have mentioned it, but I have no recollection.

Q But at least, though, by this time you didn't know he was Copp?

A No, I didn't know it until the Commission guy told me.

Q That was Brian Bruh?

22 23

UNCLASSIFIED T

A Brian Bruh, right.

C Did you ever have any conversations with about the suitability of this location for

the air strip?

A Yes, some time. Again, I can't tell you when.

It was at headquarters. I was up on a visit, and we talked about it. It was certainly before this March when met Second, but I don't remember when. It could have been anywhere from when they first got the control of the property of the site from the private owner up until March, so that would have been some time November, December, up until March.

But, yes, I had talked to him about it.

Q What do you recall him saying about the suitability of that location?

A That there was a site, that it would have been used for refueling, and I think we both agreed that we couldn't wait for the reinstitution of the funding, so we could take control of it to be able to re-supply the people in the south.

Q Do you recall him indicating to you that he thought it was a terrible place to pick for the air strip?

A I don't know if he knew it or not or if he saw the photographs that North had. I thought it was suitable because it was isolated and not easily discovered. The

IINPI ACCIFIED

## UNCH STEET

downside was it was 16 miles in the Nicaraguan border.

Q Right, which --

A But you know, you got to take the good with the bad. In Costa Rica, which is a very fertile, populated country, you have very few places where you have that kind of isolation, and we didn't have anything to say about the site being picked.

we were left with whatever we had to work with.

Q You had indicated that in the fall of 1985 that during a trip that you had to Washington you had spoken to washington you had

A Fall or that period of November -- mid November to mid February, let's put it that way. Some time in that period.

Q Is that conversation the conversation that you just related to me where you talked about the suitability of the site -- is that the same conversation or is it two conversations?

A Yes. I can't recall that we actually talked about suitability. I just don't remember him saying anything bad about it. I am left with the impression that, yes, we will as soon as the Congress votes the money, we will get into business, get on an air operations activity. But there was only one conversation with him at headquarters about it that I recall.



### UNCEASSIFIET

- Q And it was some time, November to February?
- A Some time in that 3 to 4-month period.
- Q And just sort of the last thing, this photo opportunity with the President which I think in other testimony you indicated took place around the 19th of March
  - A . Townsk it was St. Joseph's Day.
  - Q Was there any discussion that you recall in front of about the air strip?
    - A I beg your pardon?

was present with

Q You had indicated that present with yourselves and your wives and it was a social occasion. Do you recall any discussion about it then?

No. During that visit the times that I recall

and me was immediately after

we came out of the oval office. was in the secretarial office where the secretaries are for Admiral Poindexter, had brought up some picture books and he inscribed them and gave one to one to North and he had two others; one, of course, that he had presented to the President, and one for Poindexter.

And, we chatted there for 5, 10 minutes, but there was nothing during that conversation about the

### ITATOLY COTETED

air strip. Subsequent to that, we had dinner in Georgetown

41

with our wives and I don't recall that he said anything dealt with

at all about that. Most of the conversation would have situation, the political

situation, not the air strip

I am reminded about the Poindexter meeting. Again not a single word during the meeting in which North, Poindexter and I were present reference at all to the air strip.

You had indicated earlier that in June of 1986, in or around June of 1986 there came a time when the plane had to make an emergency landing, and it became stuck in the mud.

Did you have any role in that incident? Obviously not the incident of getting it stuck, but in getting it out?

- Yes.
- What did you do?

Well, the first thing, Quintero came into town, and met with him in his botal room, and he said, "I have been told that I shouldn't tell you this, but I am going to tell you this. A plane that was to make a delivery had

5 6 7

1

2

3

9 10

8

11 12

13 14

15 16

17

19

20

21 22

23 24

# UNCEASEIFEET

problems and had to make an emergency landing, and then landed at the air strip, and I think that was probably the worst moment that I experienced in two and a half years because we had just completed assuring the President of Costa Rica that the air strip was not being used; that it was never going to be used; that we were

going to close it down and it became a park or whatever."

This was a new President?

Yes, the new president, Arias,

Here Quintero

says the plane is there and it is stuck in the mud. I got back to the ambassador immediately, and told him what was told to me, and he reacted the same way I did, and either he or I put in a secure telephone call to North and explained what had happened, and said, "Look, do whatever has to be done, but get this damned plane out of here."

Who said "do whatever has to be done, just get this plane out of here?"

Either the ambassador or I, but that was our position, get the plane out of here. Do whatever has to be done. He said he would take care of it. He was supposed to leave the next morning on a trip to Washington for consultation and delayed my departure until about ll o'clock in the morning-- no I left the office about

HYOY VCCILILI

3 5 6

1

2

7 8

10 11

12

13 14

15

16 17

> 18 19

20 21

22 23

UNCLASSIFIET

Il o'clock in the morning. I actually left town about

l o'clock in the afternoon, and I arrived in Washington

about 11 o'clock that night, Baltimore to Washington, and

I found out that night or early the next morning. I can't

recall. I know I made some phone calls to find out what

happened to the aircraft, because they had promised,

they had promised that it would be gotten out of there

as soon as possible. They would bring other aircraft

in with a starter motor and --

Q Who had promised?

A Quintero had promised that he would do whatever needed to be done, and we had obviously made the phone call back to North from the office. Well, it wasn't out of there for another day or so. Fortunately, it got out of there and never found out about it until, of course, the Tower Commission report.

As I understand it, they had to bring in one or two other aircraft, Thisis from Quintero, to unload the first one to lighten the load. Then they had to pull it out and once they pulled it out, they had to bring in another plane because they couldn't crank the engines.

As I have described it to others, it was a Larry, Mo and Curly operation and very typical of the way I thought they ran both the air deliveries and their business.

What was on the plane when it got stuck in

### HYTET VEGIEILD"

UNCERSHIERET

the mud?

A I assume lethal equipment. I guess it was lethal equipment, because they didn't carry anything else.

- Q That crew didn't?
- A That is right.
- Q And why did you call North?

A You want to get something done, you call

North. Something like that, absolutely. There was no
question in my mind that North had control or influence
on and had responsibility for this stuff. No question
in my mind at all. Not that he ever told me that I am --no.

In the evolution of things, if that was a problem, that was the only person I would call.

- Q Because you knew --
- A It was his problem.
- Q Okay. Did North tell you what he was going to do to get it out of the mud?

A No. He just said I will do what has to be done.

I will take care of it. I will see what has to be done.

Q Was there anyone else in the Government that you regarded as like North in having control or having responsibility for the lethal operation going out of

THE TAXABLE PARTICULAR TO THE PARTICULAR TO THE

# UNCLASSIFIED T

II

1 2 3

No.

Q No?

A No.

Q There were two guys who worked with North in Craig the same suite: Robert Earle and Erect Coy.

A I never talked to either of them. In fact, on occasion when they answered the phone I wouldn't speak to them, not until I got the -- I was trying to get information back to him on the Hasenfus flight. I had received a call from Quintero saying that the plane hadn't returned, and had it crashed landed in Costa Rica or had it landed somewhere in Costa Rica.

I said we well, "I'll try and find out." I couldn't find out anything, and the fact that I couldn't find out anything is what I wanted to get back to Quintero and I couldn't do it. I forget now the reason, the telephone lines were down or whatever. So I called North's office and said, "Look, I know you must be concerned about this flight that has not returned to its home base. I want to tell you that there is absolutely no information that it is anywhere in Costa Rica," and on that occasion North was not available.

pass this message to Colonel North..." that there was no evidence what

### **UNIVE ACCULU**

UNGEASSHERET

46

2 3

1

4

5 6

8 9

7

10 11

12 13

14 15

16 17

18 19

20 21

22

23

24 25

We will keep checking.

Another hour or so, and Managua announced that it had shot the plane down.

Just to be sure, this is on the record, I take it the Hasenfus flight was not a flight for which you were to provide information?

That is right. I didn't even know it was coming down. It was not designated for the southern front. did apparently follow the same route that the other planes which did deliver material to the southern front followed, and the Sandinistas -- this would have been the seventh flight during the month of September, and they were waiting for it.

Let me ask you about another thing I know that you have testified about, but I want to ask you specific questions, and that is the September 1986 incident when the air strip is about to be exposed.

Mr. Wilson. When you frame your questions here you should know that was not covered by the Senate Select Committee.

MR. EGGLESTON: In conversations with them, I thought they had covered it. If they have not covered it, then let me do it in a more complete fashion.

BY MR. EGGLESTON:

Could you describe in a complete fashion that

## UNCLASSIFIEDT

incident and your involvement in it?

A As I mentioned earlier, the ambassador had assured President Arias that the air strip was not to be used, would not be used, that in effect construction had



## UNCLASSIFIET

It was clear to us that the air strip

was no longer a viable proposition for the original purpose intended.

However, the ambassador and I

were quite adamant

that the site should be protected. First of all, I had a personal interest in the ecological balance of that area.

I felt that at least with the civil guard ...
under control of the place that poachers wouldn't get into this area; that turtle eggs along the beach near the site would be left unmolested, and other ecological -- it is a very -- it is a unique part of the Central American isthmus, and in that it is virtually unspoiled land, and part of the agreement, as I understood, between the private benefactors and the owner of the property was that it would be maintained as ecologically protected as possible.

So I was insisting

keep guards on the property until the private benefactors were able to work out their situation with the owner.

HNG ACCIFIED

UNCERSFEBET

about

putting guards on the property to avoid the possibility of having drug traffickers use that site, and this was a continuing concern during the period of June, July and August.

In late August, the President had decided to announce, to call a press conference and announce that the actual purpose or the original intended purpose of the site

The ambassador talked

THE WITNESS: So I called Colonel North at home.

Again, it was his problem, and I complained to Colonel

INICTY COLLECT

--

# UNCLASSIFIE

North what I had heard and he said, "All right, I will take care of it. I will get hold of Elliott and "

Shortly thereafter, called me and said

I just talked to Oilie and we had an said that he
and Elliott—that he, Elliott and Ollie had all discussed
this and they thought that the best way to handle this
situation was to have the ambassador call President Arias

lid on this press conference.

I then -- and I called and and told
him that, and then I got a call from the ambassador,
who was in Greensboro, Greenville, something--South
CArolina or North Carolina, where he was giving a speech,

and he said that he had contacted Arias and that he had

persuaded Arias not to hold the press conference.

Subsequent to that, the Tower Commission and so forth, there had been allegations of \$80 million. My impression is now on reflex, is that the ambassador said that he persuaded the President on the basis that this was an act of bad faith; that we had fulfilled our part of the bargain in that the air strip was not being used, would not be used, and he didn't see the reason why it was

1

> 6 7

8 9

10

11

12

13

14

15

16

17

18

19

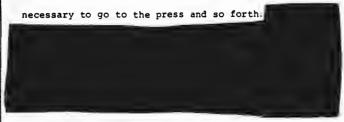
20

21

22

## UNDEASEKEIRIET

51



BY MR. EGGLESTON:

You have made a few references to the Tower Commission. You obviously have read parts of it, probably the parts that deal with your part of the world. Let me ask you, there have been some claims that Colonel North, himself, called President Arias.

Not so. Never heard that. He didn't know President Arias except by name. He had never met with him. How would President Arias know who Colonel North was?

So you have no knowledge that he ever called him, and your opinion based on your knowledge of the Costa Rican situation is that it is unlikely any such call took place?

I am certain it didn't take place. The only two people that could have called President Arias was either Assistant Secretary Elliott Abrams or the ambassador to deal with this particular question.

it would have been clearly and properly a matter for

23 24

UNGEASSEELE BT

5.2

the ambassador to deal with or Assistant Secretary Abrams.

Q Do you know whether there were any efforts after there was this announcement that the air strip was going to be exposed? Do you know whether there were any efforts to get rid of all traces of Udall; whether there was any effort to clean up the situation, to make sure that there was no --

A Well, you know -- I don't know if this was a matter of conversation or -- it seems to me that there?

were left with a problem in how to deal with the American owner of the property, Hamilton. And, I am sure I talked to the ambassador about it. I don't recall talking to North about it. But how do you deal with a thing where you have got this piece of property and they have a contract and how do you get out of it and that sort of thing?

- Q By this time, does it still have the storage tanks on it?
- A There were no storage tanks. There were some fuel drums, 55-gallon fuel drums.
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{T}}$  That is what I meant. I was referring to the fuel drums.
- A Once the thing had been essentially abandoned that became civil guard property in terms of whatever was left there in terms of fire extinguishers and things like

TEMP1227 TOWN

-

### UNGEASSIERD T

| that. |       |      |
|-------|-------|------|
|       |       |      |
|       |       |      |
|       | <br>, | <br> |

Q So you think that that was gone by then?

A It could still be there for all know,

Q I know that you have been shown others of these messages before. I want to show you some of these. I am sure that they are the bane of your existence by now, and I am sure that you have been asked about some of these specific cables.

I am going to identify them not by having the court reporter mark them, but by giving the name and date at the top of them so it is clear what we are talking about.

Let me show you what has top secret and 3/3/86. If you could just take a look at this one.

A The Tower Commission investigators showed me
this one. It has all the earmarks -- this is my sign-off-MR. EGGLESTON: By this, he is referring to
the Capital D, Capital V.

BY MR. EGGLESTON:

- Q What does D.V. stand for?
- A It is latin for Dominus Vobiscum, the Lord be with you. That is what Colonel North used to answer.
  - Q How did Colonel North in his messages --

### HAIPI ACCIEIED

### **UNCLASSH**IPET

how did he abbreviate that?

A He didn't. He used another thing, which I never knew what it meant-- B.T.

Q You didn't know what B.T. meant?

A No. Now, obviously as you read it through,
I recognize that I wrote this, but the only thing is I
do not remember at all ever writing this first line, or
the second line, as a matter of fact.

Q By lines, he is referring to the first and second sentences.

A **See Pebruary 26 a Maule**—the first or second sentence. I don't recall having written this. The fact that this plane came in and I described this in my testimony to the Senate, this plane came in to airport as

As a test run of this Maule

this had come as an outgrowth of a conversation that I had with Quintero about the possible use of this Maule, which he had told me they had up there,

to immediately evacuate people from inside Nicaragua

as well as to take up the leader of the southern front inside to meet with his troops, to see if

MINUT VCCILILD

UNCIASSIFIEDET

it is possible this Maule could be used for that, because it is a short take-off or landing aircraft, and so this was the first attempt -- this was a sort of a -- this was an attempt to see if the plane could actually fly without problems

Whose Maule was it?

and
the authorities there, proper, requested these people and
the pilot -- it was both pilots. They found that the
pilot's license was expired, that they didn't have
insurance on the plane. They didn't have a flight
plan. It was another Larry, Moe and Curly operation.

Private benefactors. When the thing landed

They said there is nothing we can do here for you to regularize your situation, and the authorities ordered the plane. At the authorities properly called in the DEA. It says they suspected the pilots might be ours and they asked the DEA to check, and that is how the DEA asked me, and that is how I found out for the first time that the plane was even in the country.

Everybody was satisfied that these guys were not drug runners or anything like that, and they let them go finally.

Did you have any role in getting them to let

### UNCERSSIFEBET

them go finally.

Q Did you have any role in getting them to let them go, getting the authorities to let them go?

A I told the DEA--I said satisfy yourselves, make sure you are absolutely sure that these people are not narcotics traffickers, and they did, and they said, "Okay, then you don't have any hold on them." They said, "No." I said, "Tell the authorities that and let them work out their problem on the insurance."

I told Quintero they better get down there to file whatever papers they had with the FAA so these people could get the plane released. They were hanging around and finally they got into the plane and took off and flew it back. That was the end of my problem.

Q You mean they didn't do any of these things. They jumped in the plane and left?

A Yes. Never to return again, because, of course, the tail number is burned.

Q For what reason are you involved in helping this plane get released? How did you get involved?

A DEA called me and said is this your airplane?

Q So your only role in this was to tell DEA that it was not your airplane?

A That is right. Once I heard it was a Maule, I knew exactly what plane it was.

### TAIL 122 VIVIL

UNGERSSHIFET

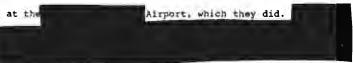
Q You knew it was a private benefactor?

A It had to be. Do you know how many Maules there are in Latin America? Perhaps 5 or 6. It is QN unusual airplane, a fabric-covered single engine state aircraft with oversized wings, and it doesn't carry more than about a thousand pounds because of its-- because it simply doesn't have the capacity, so it isn't a plane that you would use for hauling goods.

You use it for airplanes, that sort of thing.

- Q Carrying people?
- A Carrying people, right.
- Q But you didn't help get the plane released other than to tell DEA that it was not your plane?

A As long as they didn't have anything on that plane or on those people to police, so inform the authorities



They had no problem coming to me and asking me if we knew anything about it, and I had no problem telling them that I suspected that they were probably friends of the contras and that if they didn't have a problem with it, so inform them and let these guys handle the problem on their own.

Q Let me show you what has Copp: 3/24/86 at the top. This is not from you. There is a reference

\* i: 9

### UNCLASSIFIEDT

in it, which leads me to conclude that you might have some knowledge about the events. I want to ask you about the underlying events. It appears to be from Second, at that time known to you as Copp?

A While I did not know of Copp and had only met Second once, that is not to say he did not know of me.

I don't know what North or Quintero told him. Ralph, which is Quintero, should have held discussions with by now with regard to Negro Chammoro's troops. Let's start -- let's get the record straight right there.

I don't know anything about the L-100 at

I don't know who the is that they are
referring to here, but I assume it is the same here
which is obviously me. But I could in no way do anything
to secure and insure he does all possible to get the
load released from That is at

- Q You could call
- A That is right, but I wouldn't have done it, and didn't do it, and I think it was very presumptious on their part to think that I would do it -- on their part I am talking about Copp, Second and Ollie.
- Q Do you recall the incident that this text is talking about taking you out of it? I am not asking you to ratify your participation in it, but do you recall that there came a time when there was an L-100 coming down

#### HIMPI ACCIFIED

UNDER SCHOLET

that was going to pick up supplies?

A No, I was expecting a delivery, an L-100 flight. I didn't know where the supplies were coming from except out whether they were supplies out or supplies out of Timburktu, I didn't know.

- Q What did you expect to be on the flight?
- A Lethal supplies.
- Q And was this a flight that was going to fly out and drop into Nicaragua?

A That is correct, but where it gets the supplies from, I don't know.

Q It was going to do this without stopping at Point West?

A Point West was never considered as a stop at any time because Point West wasn't finished. It never was finished. Just as an aside here, I find it remarkable that so much attention has been put on Point West when in fact all it is or ever was, was a leveled piece of ground which was never suitable for the landing of a large aircraft.

It never was completed. In fact, you might say here are these crazy gringos leveling off this land, and it is unsuitable for anything. I don't understand where there is even a suggestion of some sort of wrongful

INICI ACCIEIED

b-24

## UNCLASSIFIET

activity, when in fact no Nicaraguan ever stepped on that, no equipment with the exception of that one emergency landing, and that could have been a corn field. That place was never used, although it was intended to be used. The L-100 flight, I asked headquarters in cable traffic for flight path, hostile risk of forces information, for radar coverage, and headquarters sent all of this information down which I then passed along to Quintero, who gave it to the pilots of the L-100.

There was only one flight of the L-100. There were several requests because there were a number of aborts or that they couldn't get the plane off the ground or the plane had to turn around or whatever, but there was only one actual delivery by a L-100, that I recall, and that was with information provided by headquarters in response to my request, all done openly.

That is the only one. Now as far as all the rest of this stuff, I cannot comment on it because I don't know.

Q Did you know that Rob Owen had any involvement with the L-100?

A I did not know that until I read it in the newspaper that somehow or other he took a flight or something or he was involved in something with the L-100. I only knew Rob Owen to be a collector of information as

### HINDLASSIEIED.

### UNCHASSIEIEDET

61

| ۱ ' | a provider of information when he came                     |
|-----|--|
| 2   | did not know he had anything to do with that L-100.        |
| 3   | Q And the statement in here that Coppsuggesting            |
| 4   | that North, that he call if that is a reference to         |
| 5   | you, he North never called you and asked you to get        |
| 6   | the load released from                                     |
| 7   | A That is correct. He never called me, and it              |
| 8   | is certainly presumptious on the part of the writer,       |
| 9   | Secord, Copp, to think that I will have or could have done |
| 10  | anything about that.                                       |
| 11  | Q Did you ever call and ask that                           |
| 12  | material, military supplies, be released from locations    |
| 13  | for transportation down to the south?                      |
| 14  | A On instructions from in early                            |
| 15  | August, I went and I Spoke                                 |
| 16  | and asked if he could ask the FDN to consider their        |
| 17  | brothers in arms in the south and provide them with some   |
| 18  | . assistance.  |
| 19  | Q How did communicate to you?                              |
| 20  | A Personally in Washington and I was supposed to           |
| 21  | return , and I diverted Washington to Miami to             |
| 22  | back to Miami back   |
| 23  | Q Did you talk to  |
| 24  | A Yes.   |
| 25  | Q He said, "I will pass it along." He didn't               |

promise anything, and I didn't expect anything.

UNCEL SCHEIGHT

- Q Do you know what happened?
- A We didn't get anything.
- Q Is there any cable traffic reflecting this?
- A I don't think so.

UNCLASSIFIED

#2 BOYM/mag

### UNCLASSHOURET

So, other than that occasion, you never called

A No.

Let me make the point why asked me to go down is because I had told what an absolutely desparate situation the southern forces were in. They were being decimated during that period and they had nothing, just nothing.

Q Had they started an offensive at that time?

A No offensive. They had not had an offensive
since 1983. If anything, they were running. They couldn't
even cover their own retreat operations, because they

So, it was --

didn't have the material to do it with.

Q So, it was after you explained to the situation in the south that he suggested that you go talk to

A And see if the FDN, through their own channels, with their own means, with their own aircraft, could somehow deliver some equipment to the people in the south.

Q Let me return to this L-100 for a moment.

Do you know whether this L-100 had anything to

do with NHAO? Whether it had come down with --

A Now, I know from reading the press that it did, but I did not know at that time.

HAIAIDDA IOMH

| III | CASSIFIED T | 1 |
|-----|-------------|---|
| UN  | GLASSIFIED  |   |

O You did not know?

A No.

BY MR. GIZA:

Q Can I ask you -- you talk about this insurance department; speaks to you personally after you have spoken with telling him the serious situation with the southern front.

A Yes.

Q Couldn't have picked up the secure phone and called himself?

A Yes, sure.

Q But did you sense that it was his view that coming from you personally it would have had, you know, a larger impression there with picking up the phone?

A Probably.

Q Or was it he didn't want any communications over the air waves?

A Oh, no. No.

Q Via message traffic?

A My sense is it was and I were very close friends, have been for years, and I can say -- I could probably be more -- I could explain.

In explaining their plight in the south I could be more precise in the details of what their condition was, and I presume that that is what it was. We didn't

IINIPI ACCIEIEN

## UNCOASSELEBET

| 1  | discuss it. He didn't say, "Now, you do it, because         |
|----|---|
| 2  | I won't" no, no. It was just, "On your way back,            |
| 3  | why don't you stop off                                      |
| 4  | stayed overnight, left there the next morning and went back |
| 5  | to Miami and  |
| 6  | BY MR. EGGLESTON:   |
| 7  | Q This cable is from Copp to North three days after         |
| 8  | A Three days after what?                                    |
| 9  | Q Three days after the prior cable which was on             |
| 10 | March 24. This is a cable dated 3-27-86, at the top.        |
| 11 | Could you take a look at that one?                          |
| 12 | A This is the story of our life here.                       |
| 13 | Well, go ahead.   |
| 14 | Q Well, this cable also suggests that you were              |
| 15 | involved in I think the last sentence says that you said    |
| 16 | the deal had been set up a long time ago, and there is a    |
| 17 | sentence before that says that you I shouldn't quote it,    |
| 18 | because continues to express surprise.                      |
| 19 | A I will express surprise right now.                        |
| 20 | Q The surprise language indicates he was in recent          |
| 21 | communication with you or someone who was.                  |
| 22 | A Yes.  |
| 23 | Q I take it it is your testimony that whatever is           |
| 24 | in this cable that suggests you had involvement in this     |

# INCHASSICIAET

|   | ١ | • |   |  |
|---|---|---|---|--|
|   |   |   |   |  |
|   |   |   |   |  |
|   |   |   | , |  |
| d | í |   |   |  |
|   |   |   |   |  |
|   |   |   |   |  |

|     |        | Ι | don' | t | know | anything | about | the | first | part | of |
|-----|--------|---|------|---|------|----------|-------|-----|-------|------|----|
| the | cable. |   |      |   |      |          |       |     |       |      |    |

Let's take it point by point.

Q Right.

A Let's get down to where it says "Ramano said FDN totally unaware of any agreement to send anything to Blackie's troops. FDN totally unaware of any agreement --"

I don't know of any agreement except the fact that the FDN was certainly aware of the plight of the people, of Blackie's troops in the south.

If Blackie made some sort of a representation that there was an agreement, I don't know about it.

Okay?

So, this -- but the fact is that FDN never wanted to share its -- whatever it had obtained or it had in its supplies with the people in the south. There were political reasons as well as normal jealousies.

The whole mess is the result of incompetence on the CIA's part or worse. Well, that is his comment, not mine.

continues to express surprise -- I don't know what he means by that other than that I would have expected the people in the north to help the people in the south.

Meanwhile, my ability to sell this type MSN --

# UNCLASSITUTET

I don't know what that means -- continues to erode because
of lack of professionalism.

MR. WILSON: "Mission"?

THE WITNESS: Lack of professionalism.

BY MR. EGGLESTON:

- Q Just editorial comment.
- A I agree with that.

"This can not be totally attributable to recent comments since claims deal was put together a long time ago -- Now, I think I know what it means.

This is now March of 1986. The troops in the south, and I believe it was early November --

- Q Early November 1985.
- A 1985. and a couple other southern front commanders met in the field in southern Nicaragua with some of the commanders and they wrote an agreement in the field that they would cooperate with each other, that they would share information and whatever supplies they could.

That was sort of an expeditious agreement that was made in the field, and it was the first time that the commanders in the south had actually had a meeting with the commanders from the FDN who were also in the upper part of the southern area of operations.

In December, late December, early January, several IINIOI ACCIEIED

. .

WASHESA JAAN

 of the commanders came out of southern Nicaragua and told you about this agreement.

They then sat down and worked out a political agreement with Negro Chamorro -- these were primarly dissident commanders of Eden Pastora who had come out of southern Nicaragua -- and they sat down and wrote out what they thought was the most substantive agreement that had been reached yet, political agreement that had been reached yet, and it was an outgrowth of the basis of this agreement that they had written in the field with the FDN in the north.

Prior to that, Pastora had not allowed any of his commanders to have any contact whatsoever with the northern commanders.

When they came out, they confronted Pastora, and they said, "Either you give us supplies or we are going to join up with the UNO structure," which included the FDN.

Even though Pastora tried to persuade them from doing it, they said, "Maybe they can get us supplies," and so that was when they sat down.



# UNGEASSIORET

69

|   | they, in fact, sat down and hammered out an agreement    |
|---|--|
| l | with the political elements of the UNC                   |
|   | I assume that that is what is referred to here as "since |
|   | the deal was put together a long time ago."              |
|   | Q But the suggestion in here in these last two           |
| l | sentences that he has in communication with you and      |

A That is certainly an improper suggestion.

your expressing surprise that these weapons have not yet

arrived is indeed an improper suggestion.

- I had no communication whatever with -- whether he got that from Quintero# or he got involved from -- or that came out of a conversation he had with North, I don't know, but it certainly didn't come from the conversation with me.
- Q Are you certain that you got your KL-43 from Quintero#?
  - A I am pretty certain.
  - Q Could you have gotten it from Rob Owen?
  - A I don't think so. Did Owen say that?
- Q Well, I never tell one person what another person says.
  - A Well, I say I am quite certain.
  - Q All right.
  - A I just don't remember.

#### HIMOL ACCITION

2

5 6

7 8

9

11 12

13

14

16

17

18 19

20

21

22

23 24

### . 13

### UNDERSTRUBET

Now that you raised a doubt in my mind --

- Q If you got it from Owen, it might have sort of changed your view about just what exactly Owen had to do with this whole operation that you --
- A No, not that he had -- not that he was North's representative or North's leg man that is working with North, no, but I have to say I am pretty certain I got it from Quintero.
- Q Did you ever talk to North about the reason that these private individuals, not just the KL-43, which, as I said before, is, to my understanding, not a secret --
- A Wait a minute. I never knew that anybody had #IL-43s except Quinkeros, North, and me.
  - Q Quintero# is not a government official, though.
  - A Yes, well, but he was working with North, so

    I assume that that -- whatever clearances, North got him
    clearances.
  - Q But you knew that Quintero was involved. You knew he was involved in constructing Point West.
    - A And that he was involved at
    - Q With the private benefactors.
    - A Sure, with the private benefactors.
  - Q And did you ever talk to North about -- I assume you knew you had this government cassette that was highly secret.

### UNCLASSIFIEDRET

Did it cause you any concern that Quintero , working for this rag-tag group of suppliers or working with them, had access to and was using this, what I understand to be a fairly secret and sensitive cassette?

A Well, you know, you have to put it in the context of Oliver North. This is a National Security Council deputy director, political military affairs. I mean, you know, to a GS-15 this guy talks to God, all right?

And he meets at a level, and, obviously, I knew where he worked in the Executive Office Building. He has got tremendous access -- which is to say, he couldn't simply pick up the phone and say, "I want clearance for Rafael Quinteros" or for John Jones or Joe Doe, you know?

He is outside of my area of experience, or this was outside of my area of experience. In the agency we certainly wouldn't have done it, but then this is the NSC. Maybe they have got special things that they do.

Q Okay.

A It all goes to the fount of this. I mean, North is not some ordinary American citizen that suddenly is in a position -- in this position. This is a man who had dealings with obviously the Director of CIA. He was at the continue in August of 1984.

You know, he deals with my division chief. I am

#### HAINI ACCIFIED

### UNCEASSIFIEDT

going to question him as to how come this guy that he says is totally trustworthy and so forth.

I certainly questioned him, but he gave me the bona fides. That is fine with me.

- Q But, on the other hand, you hear, you see Colonel North obviously involved with lethal re-supply of the contras.
  - A Which I understood he was permitted to do.

UNCLASSIFIED

#2a

INCEASEIFEBT

mas 1 1

2

4

5

7

8

10

11 12

13 14

15 16

17

18 19

20

21 22

23

24 25 Q In a very active way. He has KL-43s which you know he has given to Rafael Quintero. When planes get stuck in the mud you call Colonel North to get them out.

A Right.

Did you ever tell that you had a KL-43?

A I told my division chief that I did.

Q When?

A April of '86.

Q Who did you tell?

A C

Q And when was -- where were you when you told him that?

A In my office.

Q Did you show it to him?

A Sitting right behind my desk and I pointed to it.
Was in a bag with, TRW bag, I said that is the communications
equipment I got from Ollie.

Q What did he say to you?

A He looked at it and he said, okay, didn't say anything, he said -- I had raised the whole question that I felt a little uncomfortable in dealing with the passing of information to the private benefactors that even though I recognize that it was permissible under the agreement between the Agency and the Congress to pass intelligence, I still felt a little uncomfortable in doing it. I wondered

IINIPI ACCIEIED

### UNCLASSECTET

7 4

m2

3

1

4

7 8

6

9

11 12 13

14 15

16 17

18

19

20 21

22

23 24

25

if there wasn't a better way to do it, and what he

he
responded was when got back to Washington he was going to
check on the law and check on this whole situation, and he
would get back to me. And in May, we had conference
and he raised the problem, and he said -- he

raised it in front of he raised it in front of

and

By that time I had come up with an idea of how to do it.

got a problem, and we got to fix it.

that we had trained, with equipment

O This is by putting it through the --

A By putting a Nicaraguan communicator

that we supplied to him, and then he could do an interface, direct interface with the private benefactors out of using our communications equipment and our one-time code hads, communicate with the communications center to the people inside Nicaragua, and back the same way to the private benefactors.

And I guess you know the story of what happened after that.

O Yes.

A But --

W

he said

Q But it is your testimony that you specifically ald when you met with him in April of '86 that

INIUI VGGIEIED

1 m3

2

3

5

7

8

9

10

11

12

13

14

15

16

17

18

19 20

21

22 23

24

25

A

Q

Α

### UNGERSSHIFE 75 you had a KL-43? In my office. And that it was to communicate with Ollie. That is correct. Did you tell him --The private benefactors. Sorry. With the private benefactors. You told him it was so that you could communicate with the private benefactors? That is correct. Did you tell him you had gotten it from Ollie? I believe I did.

Did you tell him you had actually received it from

Rafael Quintero? No, I don't think I ever mentioned Quintero's name to him.

But it was clear from what you said to him that the private benefactors also had a KL-43.

Oh, sure. You know that is who I was communicating with and that is what the problem was that we wanted to fix. There is a point I want to make here --

Sure.

-- and that is I also told him I kept the ambassador fully informed in response to his question, and

HIMINI ACCIPIED

### UNDIASSHEDRET

m4 1

 that seemed to satisfy him. As long as you keep the Ambassador fully informed, you know, I don't see that there is a problem -- fully informed in the sense that I was passing information, that we had a flight coming, whatever. And also that I had requested the flight path and hostile forces information from headquarters and had relayed that to the benefactors for the purpose of the flight.

Furthermore, after the L-100 flight and all the subsequent flights all the way through September, I sent intelligence reports, disseminated what we call intel dissends, disseminated intelligence reports through the intel community in CIA channels concerning delivery of this material and as I pointed out in my testimony to the Senate, I think it is evident here when the problem was not fixed and when North said he had these supplies to send down in September, I agreed to pass the information on the drop zones and so forth, and as soon as that first intel report was received in Washington, they knew that there was -- that the communications link had been established again.

They knew it as of the first intel report that they received and nobody from Washington came down and said, "Stop what you are doing,"

Q Let me show you a memo that has and 4-12-86 and are at the top. INCLASSIFIF

## UNCLASSIFIEDET

m5

 Do you remember this one?

A Yes. It was referred in the Tower Commission report and I wrote up notes for counsel. I would like to quote because it was a very spontaneous when I wrote this and I think it reflects my thinking now and at the time.

- Q All right.
- A So the portion of the April 12 measage which mentioning the creation of the 2000 man force, end quote, reflects a poor choice of words on my part and needs explanation. First the message should be understood in context of an informal communication and as such was written in an offhanded style. It was obviously not meant to be anything more than a simple direct expression of an ideal, perhaps of an ideal perhaps unattainable situation.

Secondly, in a more appropriate choice of wording I might have cited the expectation of the Southern Front commanders whose views I was essentially representing as my own, and the exhortation that all USG and Nicaraguan resistance elements pull together in support of a southern front, including the NSC.

For the record, the message represented a bit of brainstorming and I subsequently wrote an identical cable to Headquarters in a staff channel message of the existence of this panel was made in the office of the Inspector General -- and hopefully has been found.

IINNI ACCITIEN

# UNCLASSIERERET

m6

So to summarize I would like that understood in the context of being really a reflection of what the southern commanders wanted, and this came as a result of our contacts with them.

Q The difficulty is that you creating a 2500 man force is the one thing I take it which you knew you could not do.

A Of course I couldn't do, on April 12 although
we had expected the vote I guess to be a favorable one
sometime in the spring this was looking, this was
something that we were looking down the road at.

Q Right.

A As it turns out it was what, four months later, 3 or 4 months later, June -- no, two months later, that the vote finally took place but it wasn't until October 24, '86 that actually got a scent.

Q The portion of this memo right before the section that you talked about though similarly suggests "our plans during the next 2 to 3 weeks include", and it lists the various drops, NHAO drops --

A Please put it in the context of the southern commanders. Please put it in that context.

Southern

Q But is it you and the southern commanders or is it just the southern commanders?

A That is so hard to distinguish. Obviously

#### HINDI VOGIELED

# UNDEASSARET

m7

 reflect their concerns. I was their advocate, their spokesman. I was the person who was reporting on their problems to the communities.

Our intelligence reports all reflect that repeatedly. The condition that they were in, what they were suffering. I mean that was my responsibility.

- Q Alleviating their condition, I take it?
- A No, reporting it.
- Q Right.

A Sympathizing with them, explaining to whoever had to know about these things what condition they were in so in expressing the question -- remember we are dealing with a machine there that is very limited in its function and so when I said "our" I am representing an aggregate of views, the commanders views, the southern political views. I am not trying to be cute with words or writing for the purpose of the record.

Obviously had I known that this thing was going to get so much scrutiny there would -- it wouldn't have been done in such a careless way. If you read my intel reports in fact you will read most of my operational cables I would say 99 percent of them, you will find they are very carefully done.

Q I have read an enormous number of them, I think Mr. Giza has probably read every one.

#### HMOI ACCIPIED

## UNCLASSIFUET

m8

MR. GIZA: I read a lot of them.

BY MR. EGGLESTON:

BI MR. EGGLESTON:

Q And I think that is generally true.

A I was very careful with the wording so I get trapped by the sort of familiar style because after all I am writing to my buddy, Ollie, and that sort of engenders a certain sense of --

MR. LEON: Informality?

THE WITNESS: -- of informality.

MR. GIZA: You also knew these cables were not going to be subjected to the dissemination that your cables that were sent to Headquarters would be subjected to, right?

THE WITNESS: Within the general sense of my relationship with Ollie, that is correct, and I want to make a point about that because I am sure that at some point in our discussions here today, it is going to be raised.

What about this relationship with North and me?
We were close friends. We -- I saw in him a very dynamic individual, someone who truly believed as I did, and I do, that the cause of the people who I was in contact with on an almost daily basis was a legitimate one, that I saw in North a person who would not shirk from doing what he could do to support these people.

### IINCI ACCIFIED

# UNCEASSIFIET

m9

 By the same token, I must say in all honesty

and I saw in Ollie North an advocate at

the level so that my views could be more fairly
represented than I thought they were being represented,
than I believed they were being represented by

think had a different agenda.

BY MR. GIZA:

Q What do you think that agenda was?

that the south led by Alfonse Robello was incapable -or say that that was the moderate social democratic elements
of the resistance were unable to adequately represent the
strong political position that wanted them to
represent.

on a number of occasions attempted to manipulate situations -- and don't ask me to pin them down because I can't -- whereby I felt that the southern political organization was put at a disadvantage, that I was being -- that my arguments were not being heard with the weight that I felt that they should be heard, and so essentially what I did is I enlisted Ollie North by virtue of our friendship and our relationship to be my advocate at that level.

Now, my cables to a certain degree if you read

## UNGEASSKERET

m10

--

Them in that light will reflect that

finally said this is the way it is going to be, and then as a good soldier I said all right, I accept that. But I argued forcefully and I enlisted North to argue forcefully as though he represented himself and not necessarily me in those councils of policy that

MR. EGGLESTON: I have seen that show one time and that was the one I happened to see.

THE WITNESS: Well, let me tell you that that was one of many points of contention, and in all honesty it was a very professional difference, never a personal difference. I have great admiration for talents and his abilities. He is a very bright person, forceful person, a very articulate person, but as a chief of station trying to accomplish certain things, I felt that we were being that we were not getting the kind of understand that was necessary so, yes, I did do that. Maybe that is called political maneuvering, maybe it is called a lot of things,

IINDI ACCIEIED

## UNGLASSECTET

83

m11

3

4

5 6

7 8

10 11 12

13 14

15 16

17

18

19 20

21

22 23

24 25 but that is essentially one form of my relationship with Ollie North.

BY MR. LEON:

Q Did you ever act around



back?

A Oh, no.

Q Did you ever go around



back in acting out

North's wishes?

A No, oh, no. Look, on the aspect of North and what he was doing with the private benefactors and my participation in passing the information, I was convinced throughout this priod that my superiors in Latin America Division and North were fully aware of the passing of the information, and that was clearly --

MR. EGGLESTON: And and THE WITNESS:

Make sure it's

MR. EGGLESTON: | North as well?

THE WITNESS: Not my superior, but they knew what I was doing in terms of passing information back and forth between the commanders and the private benefactors as was shown in that meeting in May and the attempt to resolve the problem and the fact that intel reports in September when the flights resumed again, that they saw these things coming in and they said nothing. They allowed it to continue. So what am I as a reasonable

IINIOI ACCITITO

# UNCEASSICRET

84

m12

2

5

6 7

8

10

11

12 13

14

16

17 18

19

20

21 22

23 24

25

person supposed to assume? Certainly, I had not -- while I may not have had specific authorization to do this or to do that, neither was there a specific instruction not to do it.

BY MR. EGGLESTON:

Q Let me show you another one that you have seen before, the same of the same

Have you seen this one before?

- A Yes.
- Q Let me just take this one sort of piece by piece.

First, "delivered in the by 707 yesterday is a planeload of ordnance for your friends."

Do you know where the 707 came from?

- No, sir.
- Q You didn't even know if it came from Europe or you didn't have any --
  - A Or the moon.
  - Q You didn't have any idea.
  - A No.
- Q About half way down it says, "Is there a UNO/HRN communicator being placed in "I may have misunderstood but it was my understanding that this was sort of the resolution and that you knew by this time there wasn't any.
  - No, no, no, no, came down in April and the

IILINI ADDITITO

m13

2 3

1

5 6

> 7 8

9 10 11

12 13

14

15 16

17 18

> 19 20

21

22 23

24 25

idea of placing a communicator was my idea that I raised as a proposed solution in May. Of course there wasn't one at this time because we had not worked out anything yet.

- Right.
- But that we would put a communicator up there in
- Aye.
- I raised that at the meeting in May, on July 12 the cable came down and said hands off.
  - But at this time you knew there was no communicator
- Right, sure, sure we knew that. never any communicator. At some point I assume I sold Ralph, I don't think I told -- this is from North -- I may have told North that one possibility is to put a UNO/FARN is the Negro Chamorro portion of UNO, to put one Nicaraguan communicator up there, throwing it out as an But the thing was not -- there was no communicator I was still handling the passage of information then.

in May I raised the When we went idea formally in the meeting with , and that is the chronology of it.

- Is this a message from North to you? Q
- That is from North.
- To you?

HINDI ACCIEIED

## UNDEA SEXCRET

m14 1

|      | Q  | Do  | you   | reme | ember | get | ttin | ıg | it | at | the | tim | ne? | I | don | ' t |
|------|----|-----|-------|------|-------|-----|------|----|----|----|-----|-----|-----|---|-----|-----|
| mean | do | you | remen | mber | gett  | ing | it   | at |    |    |     |     | but |   | •   |     |

- A Yes, I got the message.
- Q Explain to me why he writes, "When and where do you want this stuff?
  - A "You" -- again it is the commanders.
- Q But he is expecting you then to ask the commanders?

A I could not accept a bullet. I would not accept a bullet. Where could I have? I mean, when he is saying "you", he is referring generically to you in the south, you the commanders in the south. By the same token, the commanders inside Nicaragua never had a set position for more than 48 to 72 hours because of the Sandinista pressure on them.

So when he comes in, this is shorthand for saying when do you want -- when do the commanders want the stuff delivered.

Well, at that point I would then see that a message got into the commanders saying are you prepared to receive, if you are prepared to receive, then please give us a location, a drop zone location.

They would then -- this was all done by one time pad, secure communications. Now, often when we did this we advised them there is a delivery for you, the benefactors

IIVIUI VOOILILD

# UNCEASEFEET

m15

 wish to deliver for you, can you receive it. They would say no, we are not in a position to receive it and we don't expect to be for maybe three days or so because of the particular pressure that they were under militarily, combat that they were under at the time.

When they were ready to receive it they would then notify the communication center and say, okay, now we can receive it; we will have a location; and they would give us a location, secure for the next 24 to 48 hours. That would be relayed back and they would say well, we can't make it in the next 24 to 48 hours, or, yes, we will try and we will let you know.

sometimes they gave us 4 or 5 hours notice meaning that the plane is leaving at such and such a time, and it will be there tonight. Hopefully we will be able fires to raise the people inside and tell them, light the fiers at such and such a time for the drop. Sometimes we would have — they would tell us after the flight was under way that they had to turn around and go back to base. We would have to notify them. Please understand that myself, I and the people

myself, I and the people the Nicaraguan communicators were only a conduit between the commanders and these people. We did not decide when a drop takes place, we had no way to do that. It was up to the people inside to decide when they could receive a drop.

### HINGI ACCIDION

## UNGEASSIEIEBT

8

m16

2

3

4

5

7

9 10

11 12

13 14

15

16 17

18 19

20

21 22

> 23 24

25

We could not dictate to them. We did not know what their situation was.

BY MR. EGGLESTON:

Q I understand, but you have indicated -- actually before I get into this, let me talk to Dick for a second.

MR. WILSON: Can we take a short break.

MR. EGGLESTON: Sure. Do you want to take a couple minutes. I don't have that much more to go.

(Short recess.)

MR. EGGLESTON: Back on the record.

BY MR. EGGLESTON:

Q I have seen the cables that you have sent to .

Headquarters and the cables that came back that related primarily to vector information, weather information, and things like that.

What I would like to ask you though is did you provide information to Headquarters that you were in communication with the commanders in the field to inform them that military supplies were available? Were they aware of this type of communication that you were having with Colonel North?

- A I don't remember.
- Q Okay.
- A I don't remember what I said in those cables.

  I just don't remember. Just that they were the southern forces were expecting a resupply flight and requested

# **HNGEASSIFIE**T

89

m17

3

4

5

7

9

11

13 14

15

17 18

19

20 21

22

23

24 25 Q That is my recollection that the cables were essentially saying.

A That is the best I can do for you.

Q If it is not in the cables, it is not anywhere it is, it is not in personal conversations or secure conversations or whatever?

A No. Not that I recall.

Q Okay. I am almost done. I have a lot of tabs but I am not going to be asking about all of them.

A I think when I first talked to anybody about the

Q In April?

that information.

A Yes, in April. That was just -- no, it was just after the L-100 flight and frankly I was not comfortable with the situation and I wanted to be sure that passing of this kind of information which was according to my understanding within the parameters of the agreement, that it was okay and that is why I talked to who was the Chief-designate for Latin America Division.

Q Do you know whether the time you spoke with was before or after?

A You would have to check when I was there,

I don't remember. I know at was before May 1st because
he took over May 1.

HIMOL ACCIDIED

MR. GIZA: Right.

# UNCLASSAPPETET

90

m18

2

4

5

7

8

10

11

12 13

14

15 16

17

18

19

20 21

22

23 24

25

MR. EGGLESTON: Do you know when he was there?

MR. Eddaeston. Do jou know when he was there.

MR. GIZA: No, I think he was probably taking a trip around the region before he took over.

THE WITNESS: Correct. He knew many of the characters I was dealing with.

MR. GIZA: Sure. He was head of the Task Force when you were there.

THE WITNESS: Yes, he prought me into it.

Off the record.

(Discussion off the record.)

MR. EGGLESTON: Let's get back on this.

I only have about two left and we will finish

BY MR, EGGLESTON:

any knowledge of.

up. This is one that says at the tag \*Copps (-28-86

I am not suggesting it is to or from you or that you have ever seen it before, but there is a reference to two things I want to know whether you have

The first was in handwriting at the bottom, and I don't know if you recognize the handwriting, it says need to get codes and -- looks like photos -- to

This is at the end of April '85. Do you know what this is about?

Codes, I can only assume that I needed the May

# LING HAS EXCIT

91

m19

2

1

3

4 5

6

7 8

9 10

11

12 13

14

15 16

17

18

19

20

21 22

23 24

25

0 Right.

cassette.

And does that say photos?

Oh, you know what they were? The pictures of and us at the White House with the President.

Okay.

There is one other thing that I just want to ask you whether you know what it is about, paragraph 3, that was in handwriting at the very bottom designated as paragraph 6, paragraph 3 which is typewritten, Olmsted still needs to go to Miami to produce radios for

MR. WILSON: Procure.

MR. EGGLESTON: What did I say?

MR. WILSON: "Produce".

THE WITNESS: No, I have no idea.

BY MR. EGGLESTON:

Just two left, this one says at the top "Copp:

Below that it says "May 02,



Can you read paragraph 1 and tell me if

you know about that?

5-19-41:

The indigenous along the Atlantic Coast were the most neglected of all the southern forces and as I recall it Quintero wanted to know how they could get -what would be one way of getting deliveries into these people, to the Indians along the southern coast. I said IMMOLEON STREET

# UNCHASSIFIET

m20

there are only two ways to do it, one is by boat and the other is by air. By air it was suggested that they could fill weapons into 55 gallon drums, seal them, watertight seal them and then put what he called a Kemlite, it is a chemical and plastic thing that when crushed the chemicals interact and it creates kind of —— cylinder would glow so that when the aircraft kicks these 55 gallon drums out and they are floating in the water along the coast, that the little Kemlite thing would glow and the people in their canoes could come out from the coast and retrieve them, retrieve the 55 gallon drums.

Well, that didn't ring like it would be very practical to me because it involved all sorts of coordination and communication between the Indian groups and the private benefactors, and what time and all, and these Indian people were not capable of doing that. So we discarded that. I discarded that as a possibility given my own knowledge of their circumstances.

Furthermore, they didn't have radio equipment, they didn't have -- they were not trained in the use of radio secure, secure use of radios. So these were, I discarded that.

Then he said, well, what if we provide boats?

I said --

These are conversations with Quintero now?

IILIAI TAAIRIEE

m21

2 3

1

5

6

7

9 10

11 12

13 14

15

16 17

18

19

20 21

22 23

24 25

With Quintero, yes, he was asking me based on my knowledge of what I knew of their condition inside, what would be practical, what would be impractical in providing support to these people because everybody, myself included, recognized that the Indians are probably the most effective force that exists along the Atlantic, eastern part of Nicaragua. They are fighting for their tribal lands, they are fighting on their own territory, they have their own language, and they have their own culture which is something that the Sandinistas have been trying to bring under the regime's control and they have been generally ineffective in doing so.

Besides that, they can live with a lot less than the caucasian Nicaraguan cam live with.

So it was proposed that they would buy, that the private benefactors would buy Zodiac -- these are rubber type boats -- I think it was in Miami or someplace and: that they would deliver them to, by air to the Atlantic coast people so they could start running their -- running some sort of supply line up and down the Atlantic coast.



93

## UNCLASSECTRET

m22

what they

really needed at that time was primarily medical supplies and other things, and that is why they were going to bring these boats in.

Well, I don't know what happened. They didn't buy the boats. They didn't get the boats delivered. They didn't do that or that. There was a lot of promise and no delivery. As it was with most things. But that is basically what that means. It was another one of these ideas that these people and I don't know, some of it evolved from conversations that I had with Quintero, others I think came from North or somebody but once we tried it on for size it just didn't work.

MR. EGGLESTON: Okay, I have --

THE WITNESS: Like the Medevac plane, the

MR. EGGLESTON: I have no further questions that I would ask. I will say something more at the end when everybody is done. I may want to ask you other questions, but thank you for putting up with us one more time.

THE WITNESS: Sure. I am just sorry I have not been able to be more explicit on things but obviously I am trying to recall memories and I have not had access to any records from Headquarters. My dates are fuzzy. My

# HALL ASSAFREDT

m23

•

recollection is certainly fuzzier. Then I am trying to separate what I have read in the paper from what I knew at the time. Some of it gets a little bit -- remember another thing, too, please in all this. I know I am not using it as an excuse, but this whole thing, when you put it altogether in one package of time probably didn't represent any more than about 1 percent of all my activity. Weeks would go by without even a call to North on the secure line or a message, and then obviously there are the constant disappointments of promised flights and no deliveries.

After all we are talking about a period from approximately late January, 1986 until September 23 or so, the third week of September 1986, 9 months, 6 of those flights as I recall them came in one month, September, and the rest of it was a lot of promises, maybe we can do this, maybe we can do that, and all the time laboring with the problem of trying to stay well within the definition of the amendment and at the same time, putting up with the terrible strictures of dealing with these people face to face and not being able to satisfy their real, real needs.

But my operations,

occupied 99 percent of my time.

So if I am fuzzy on these things, it is because it really

96

m24

2

3

5

next.

7

8

10 11

12 13

14 15

16 17

18

19

20

21

22 23

24

25

MR. EGGLESTON: I don't know who wants to go

BY MR. GIZA:

didn't have the focus of my attention.

So I apologize for that.

let me say I was out of the room for a half hour and if I ask you a question that you have already responded to, just say that you have already responded to it in this session with Mr. Eggleston, and I apologize.

Did you on any occasion ever have any private conversations with Director Casey?

- A Yes, two.
- Did you describe this previously in the Senate committee?
  - I sure did.
- Did you ever have occasion to send privacy channel messages to Mr. Casey during your period of time
  - No, sir.
- When you discussed with me the issue of the southern front and the problem that you had with and how you went to Oliver North for assistance to push this issue --
  - Let me say, please don't misunderstand, it wasn't IIIINI INDIFIES

# UNCLASSIFFET

m25

a conscious decision. It was just that Ollie offered an opportunity to have my views aired so that there would be as much balance as possible. I didn't plot the thing out to make sure that Ollie -- I didn't say look, I want you to do this, I want you to do that; it wasn't that. I would give him my views and I expected him, maybe he did, maybe he didn't, but I expected him to at least present those views at the RIG.

Q That is understood. Without getting into this in a long amount of detail, my basic sense that you are communicating to us is that you had a view that differed from the view of your superiors in the Central Intelligence. Agency concerning the activities and operations of the southern front?

A Not from my superiors, from one superior.

Q Okay. Did you ever go to your superiors above

the communicate that view? Did you ever go

Mon because really kind of handle all the Central American things, but to

, sure, on several occasions I expressed my

concerns about what I thought was an imbalance.

Q Were these in personal discussions or were these in message traffic?

A No, personal discussions.

MINI ACCITIEN

Do you know --

2 3

7 8

9 10

11

12 13 would talk to

end boyum14 15

16

17

18

19 20

21

22

23 24

25

And only to make, to get things back on track. It was again, this was, please, it was a professional difference of opinion. It wasn't personal. back to do it, but I, worked together a long time as well as in Washington, we knew how our style of operation was. we were both Latin America experts; whereas,

different perspective and there were times when I just

couldn't make points that I really felt needed to be made and therefore I would talk to about it and about it.

UNCLASSIFIED

99

|  | M | T | r | Ŧ | C |
|--|---|---|---|---|---|

CAS-1

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

#3

2:00

BY MR. GIZA:

One further question. Did you know

Yes.

Did you ever have discussions with about the general problems of providing assistance to the contras?

Only in the context that he was

and that

were the contras effective from the perspective of Nicaraguans, the civilian populus inside Nicaragua and my general lament that the cutoff was devastatiing to the people in the resistance.

Did you ever have discussions with him after he and became left his position Special Assistant to the Director of Central Intelligence?

I never saw him again. I haven't seen him since he left as

MR. GIZA: No further questions.

### EXAMINATION

BY MS. WESTBY:

Is it fair to say then that the reason you got involved -- why did you get involved in giving vectors?

Because it was proper for me to do so.

And Ollie asked you directly to do that?

### IINM ACCITICA

100

CAS-2

2 3

5

6

9 10

11 12

13 14

15

16

17 18

19

20

21

22 23

24

25

It was proper for me to pass information to the commanders inside concerning delivery information.

So that was your complete understanding, that it was proper for you to do so.

Certainly it was proper for me to do so.

And up until you have the conversation with

I said I was uncomfortable with passing this information, which was certainly unorthodox in my experience as a CIA field operations officer so I raised it with him and he said he would look into it. Then we had the meeting and I graphically remember the moment when he said has got a problem and we have got to fix it and he and we had to said that to the assembled figure out how to get this communicator up there so he could interface and I would be clearly relieved of that responsibility and I don't think that there was ever a question about the legality of my passing that information.

I think that where there was concern and there were certainly events in that cable of July 12 that there was a political concern, not a legal concern.

wrote in that cable we are In other words, close to the vote, let's not screw up now or words to that effect by getting too close to the private benefactors and

HALLIPPA POMIL

# UNCLASSICIPET

CAS-3

1 2

yet by saying so we would have been essentially denying the legitimate need of the resistance to obtain information from us concerning delivery of material, including information such as risk of hostile forces and so forth that would ensure the safe delivery of material in hostile territory to them.

Q So it was never your impression -- you never said to yourself well, I know I am doing something wrong --

Let me make it very clear to you, to this very

I never did anything wrong -- ever. Mabye I didn't do everything exactly right, but I never did anything wrong.

Q Okay. This may have been covered in your Senate testimony, but how did it come about that this started? Did Ollie ever say to you -- did he say, Buddy, can you do me a favor? Did he ever put it in the context --

A Remember, the commanders signed an agreement in January of 1986 whereby they, the former Pastora commanders agreed to align themselves with the UNO commanders and take inside with them the Chamorro forces that were or troops that were the They went inside and they under the aegis of UNO and as a result of that, they expected to receive supplies at some point when the funding was to be resumed.

Now, that was expected to be some time in March or April. It didn't come about -- the vote didn't even come

## UNCLASSECTION

CAS-4

 about until June. At the same time, North had supplies or the private benefactors had supplies at The private benefactors advised me that they had these supplies which they were willing to deliver to the commanders who were inside now under this political umbrella of UNO and they asked would you pass this information.

I was well aware that we were allowed to pass information on the basis of the agreement that had been reached under the \$27 million humanitarian aid and the \$3 million communications aid in that agreement that existed between the agency and the House and the Senate, that we were permitted to pass them information or intelligence of an intelligence nature, of a counter-intelligence nature, including information for the safe delivery of supplies.

So on the basis of that, I sent the cable off saying that the southern commanders are prepared -- will be receiving supplies from the private benefactors, headquarters, can you provide private flight path information. At that point had there been anything illegal in the situation, I am sure headquarters would have said no, we can't provide that.

They didn't. They provided very detailed information concerning the flight path and the risk involved in a delivery flight.

Clearly, I accepted -- not deduced, I accepted the

# UNCLASSACRET

CAS-5

fact that this was legitimately passed information and that my activities were legitimate. I hope I am not being argumentative with you.

It is just that I have got to get my view out and it hasn't been so far. It has been distorted in the press and with the things -- you asked me if I had talked to -- I haven't talked to Clair George since summer of 1984.

MR. EGGLESTON: I didn't ask you that. It must have been at the Senate.

THE WITNESS: No. It was the fellow who was here.

The press says I got Clair Goerge's tacit approval. It

didn't happen and it didn't need to happen because I was

functioning within what I felt were permissible -- in a

permissible activity.

### EXAMINATION

BY MR. LEON:

- Q Did you have any knowledge of the contras being ripped off in the construction of the base?
  - A The contras had nothing to do with the base.
- Q I should say -- the money that was being used to build the base.
  - A I have no information about that.
- Q You came across no evidence of over-billing for the the services of the construction work --
  - Quintero thought that was

### MOR SECRET 104 probably ripping him off ten percent, but that was well within the accepted conditions of that kind of deal in No, I didn't have any, and I don't know about any profiteering. You never saw any evidence to support that? Did you ever deal with General Secord? General Second -- I met General Second once in The Ambassador the Ambadsador's office introduced me to him and at that time -- Secord or I asked you Secord, but I will also ask you Singlaub I only met Secord at the meeting in Washington.

He was introduced to me by the Ambassador in his office and he explained that the reason he was was to convince Pastora to accept unity under the UNO

How about General Singlaub?

Was Barbara Studgley with him by any chance?

I believe she was. L never and her. I think the ambassador mentioned that she was there at the time, yes, but she did not participate in this meeting nor did I ever meet her.

> General Singlaub went on with this sort of wishful IMCLVCCIEIEU

CAS-6

2 3

Latin America.

Singlaub?

umbrella.

No.

1

5

6 7

8 9

10 11

12 13

14 15

16

17 18

19

20 21

22 23

24 25

# UNSPASSIFIEDT

CAS-7

 hope that he could convince Pastora to accept unity. I gave General Singlaub about a ten minute recitation on the capriciousness, instability, erratic behavior of our experience with Pastora in previous years.

I said I thought that his effort was, while well-intentioned, was ill-advised. I thought that he should have no contact with Pastora whatsoever because it might give Pastora the wrong signals.

Here the UNO was trying to consolidate all of its political efforts under one umbrella organization with our, of course, endorsement, and strong urging, and all that Pastroa could do was to become very disruptive to that process.

So I did everything I could in those ten minutes to try and discourage him from doing this. In any case, he told me that he was determined to do so and that he was going to meet with Pastora and offer assistance in return for his cooperation.

I essentially ended the conversation by telling him that as a private American citizen he could do as he saw fit but he would certainly not be acting at that time in what we considered to be the best U.S. interests.

- Q What time frame was this?
- A I have no idea.
- Q 1985, as opposed to 1986?

### HAIPI ACCILILI

# UNCEA SECRET

CAS-8

A 1986. March -- there is a cable. The Senate has a cable. Let me tell you what happened. I left town. I had to go to Miami or someplace in consultation. When I came back I found that my deputy had released the cable from the Ambassador to North, and Abrams in which he outlined what Singlaub had done, and in that cable the

promise that Singlaub made was that the United States will provide Eden Pastora with assistance and so forth.

And when I returned and saw this cable, I immediately went to the Ambassador and said, sir, I think you have made a big mistake in allowing not only him -- not disclaiming, but also distancing ourselves from any such agreement which says the United States which implies the United States Government, but I felt that it should not have been relayed to Washington and we should have sent -- you should have sent Singlaub back to make sure that he, Pastora, understood that it is not a United States entity which is promising him this support.

In any case, by the time I was able to get this message across, Assistant Secretary Abrams sent

Ambassador Tambs a very strongly worded cable concerning that. It was so strong that I frankly thought that Ambassador Tambs' days were numbered. I then sent -- I wrote a cable in the same channel to the same people with a -- what the Ambassador meant to say was kind of

IILIOI ACCITITÀ

## UNGEASE CIENT

CAS-9

| cable,           | and   | what    | shoul  | d be  | unde  | rstood | bу  | this, | and | the    |
|------------------|-------|---------|--------|-------|-------|--------|-----|-------|-----|--------|
| Senate           | did   | have    | this   | cable | e tra | affic. | Tha | t was | the | only   |
| experie          | ence  | I had   | l with | Gene  | eral  | Singla | ub. | Who,  | if  | I neve |
| se <b>e a</b> ga | ain - | <u></u> |        |       |       |        |     |       |     |        |

Q Do you recall North or reaction to that cible?

A They were in full agreement with everybody, with me, with our position that that was a terribly stupid thing to have happen, to have Singlaub go out and say this to Pastora.

Of course, we were only interested in the political aspects of it.

Q Have you had reason to think or heard rumors to the effect that Singlaub was sent in there at the encouragement of the CIA at higher levels in order to effectuate bringing Pastora out of the bush so to speak, and ultimately to weaken him?

A That is inconceivable because on the question of Pastora, there was no difference of opinion between and me and I can't imagine what level of CIA beyond would even have considered such a thing.

And I, frankly, never heard of a link between Singlaub and North.

Q Did you ever have any dealings with a fellow named Max Gomez or Felix Rodriguez?



# UNCEASEKERET

CAS-10 1

A Yes.

On more than a couple of occassions or limited?

A Let me tell you about Felix Rodriguez.

### UNDEASE GRET

CAS-11

I never saw him again. I talked to him once on the phone, sometime last year in 1986, when I understood that he was creating problems or he was getting himself involved with the FDN versus the southern versus the private benefactor and se forth and Quiatere gave me his telephone number in Miami and in Miami I called to try and get him to back off from getting involved in all these problems or creating problems.

Once I got him on the phone, I heard this voice again and he is a very argumentative, very forceful guy and I said I am not going to get into it. I said, I just want to give you amambrazo, a hug, good luck to you, ciao, regards. I never talked to him about it. It is a long story, but because there has been too much in the press about Max Gomez and this and that, I wanted to get it on the record.

## UNODASSE提BET

reason to believe that Oliver North pocketed any money?

110

CAS-12 1

2

3

5 6

7 8

9 10

11 12

13 14

15 16

17 18

19

20

21

22 23

24

25

Absolutely not. None. No.

No reason to believe that?

No.

How about Rob Owen?

I don't know.

You never saw any evidence to indicate that?

No.

How about Lew Tambs?

No.

How about Chichi Quintero?

I don't know.



You, yourself, never received any money in any way, shape or form?

Absolutely not, except for 68 or \$80 for the oil. That I testified before about. That is all. nickel, sir.

UNCI ASSIFIED

# UNGHASSIERET

CAS-13

| Q        | I just w   | ant that | to be  | clear o | on the | record.  | Wit |
|----------|------------|----------|--------|---------|--------|----------|-----|
| respect  | to Elliott | Abrams,  | did yo | u ever  | have a | ny perso | nal |
| dealings | with him?  |          |        |         |        |          |     |

- A No personal dealings. Professional.
- Q I mean in any way, shape or form. Did you ever meet with him?

when I briefed him, he brought up about point west. In the Ambassador's office, in the Ambassador's residence at briefings, the conference of all the ambassadors and State Department people.

Q With regard to Abrams, did you have any reason to believe that he was aware by anything he said or did that he was aware of lethal supplies being provided to the contras?

A Specifically, no. My impression, I assumed he was.

C Q The assumption was based upon your dealings with

A He gets copies of my intelligence reports and he knew that deliveries were being made and that they were private benefactors, because the intel report said so, so I have to assume that he knew.

Do I know specifically that he read them? No.

Q Did North or ever indicate to you that they had specifically briefed the President on the receipt

### IINM ACCITION

of lethal supplies by the contra forces?

No.

was briefed in that regard?

UNCEASH SHOPET

CAS-14 1

Q Do you have any reason to beleive the President

A On lethal supplies to the contras? I know that briefed the President because either he told me or somebody told me that he had gone in for a briefing but it was an agency briefing and I don't know what was said in that briefing.

Q So it may or may not have related to latable supply of contras.

Did Oliver North ever give you either in writing or orally a legal opinion that he had received from any lawyer with regard to the legality of his conduct or the conduct of any others who were assisting him in the resupply effort of the contras?



jm fls ca

jm 1 2

3

## UNIQUISECRET

113

A I only asked him about my own situation; is what I am doing legal? He said, yes it is legal, you are only passing information. There are certain words that remain with you for a long time and those I certainly remember.

And he repeated that more than once. When I said are you sure, he said, yes, yes, it is legal.

- Q When he commented did he refer to any legal opinion he had received from a private or government lawyer?
  - A If he did, I don't recall it.
- Q Now, given the fact that North is not a lawyer, were you satisfied in asking him alone as to whether what you were doing was legal?
  - A This was also backed up by my own office.

Q

specifically told me that passing information for the secure delivery of supplies was legal.

Q Let me stop you there a second. Lethal supplies?

A Supplies. We are talking lethal supplies. Humanitarian supplies, there is no question.

Q Your clear understanding when you spoke with was that he was commenting upon the delivery of lethal supplies?

A Yes.

Q When would that have been, approximately?

HAM ACCIDIO

7 8 9

6

10 11

12

13

14

15 16

17

18

19 20

21

22

23

24 25

### UNDEASSICRET

A 1986. I don't remember. But you know, there is no -- there was never a question in my mind about humanitarian supplies obviously, so when we were talking about legality concerning supplies we are specifically talking about lethal supplies and in providing information for the safe delivery of lethal supplies, that was specifically a point that addressed with me.

Q Okay. Fine. And nobody else at the agency?

A As I said earlier, where there was a question was in the question of legality, it was in a question of political propriety, in other words, we didn't want to antagonate the Congress at a time when here we were getting close to a vote where it might have been misunderstood or misinterpreted.

Q So essentially you are saying, if I understand you correctly, you didn't have any reason to think that you were doing anything illegal at any point in time?

A Absolutely not. It has been brought to my attention a comment that I had made I believe to the Senate, at some point when the Indians were promised by us and given communications equipment, which was authorized, they were going to take it up -- they didn't have a way to take it

up the coast and into Nicaragua, so they came and said we need a boat and we need two motors to put on the dugout. And I went to headquarters and I said since they have

**LETTE 22 LOWN** 

## UNCEASSICRET

115

jm 3

2

12 13 14

10

11

15 16 17

18

19 20

21

22 23

24

25

got to transport this communications equipment up there, can we give them more than for a boat and the two motors so they can transport it; and they said, yes. Can they take up medical supplies, yes. And food, yes. Then they came to us and said since we have the boat, the motor, the communications equipment and the medical supplies to carry up their, we can't carry it up unless we have guns to take along with us to protect this stuff.

I said that is a perfectly reasonable argument but I could also see where there was a question of legality, because we weren't allowed to provide military equipment. So I sent a cable to headquarters and I asked them for a suggestion or a decision, what do we do? They came back and said, why don't you ask them to ask Negro Chamorro to give them the guns that they need to protect themselves while they are going up the coast, and that was how we handled that particular thing.

So we were very cautious about our position concerning the legal questions involved in this.

- Who did you get that response from?
- From headquarters.
- From
- Either him or his designee.
- And that was a while after you began your first involvement in all these things?

11**NCLACCIFIEN** 82-692 0549

im 4

UNCEASSIFIET

A Sure. This was during the period after the humanitarian aid, the communications aid had been authorized by Congress. You can see where it was a legitimate question on the part of both the people carrying the equipment up and

Q Absolutely

A But yet it did cross the line. So we were conscious of it. The other question which has not been raised here yet is the question, did I direct any military operations. I did not direct any military operations.

we reacted to whatever the commanders inside
needed or when they -- or to what their situation was. They
were the ones who told us and we related it to the
private benefactors, or to Washington in the case of an
intelligence report.

Q Thank you.

MR. EGGLESTON: I am finished.

Thank you very much. We appreciate you coming down.

(Whereupon, at 2:30 p.m., the deposition concluded.)

end jm

UNCLASSIEIED\_



ENIED

And a some of the sound of the

199



BEGIN TEXT OF BACK CHANNEL:

と可じしまる。

CILA FOR CYLAYCATF
DEPARTMENT OF STATE FOR ASSISTANT SECRETARY ABRAMS
WHITE HOUSE FOR COLONEL OLIVER NORTH

SUBJECT PASTORA/SINGLAUB AGREEMENT

ON SUNDAY 23 MARCH 86 GENERAL JOHN SINGLAUB AND PARTY ARRIVED AT RECUEST OF SENATOR JESSHE HE MS
TO ASSESS THE SITUATION OF EDEN PASTORA AND HIS TROOPS
ON 24 MARCH THE SIGNLAUB PARTY CROSSED THE NICARAGUAN
BORDER AND VISITED A PASTORA CAMP

CAMP CONTAINED MAXIMUM OF 230 MEN UNDER COMMAN OF ADDLED POPPO CHAMORRO (FYI NP COMMENT. POPPO CHAMORRO S ACCESED TO SE INVOLVED IN

LATE 23 MARCH SINGLAUB PARTY.
GENERAL SINGLAUB CALLED AMBASSADOR TAMBS AND ARRANGED FOR
MEETING AT EMBASSY 8938 HOURS LOCAL 25 MARCH.

MEETING ON 26 MARCH CONSISTED OF BRIEFING OF ...
SINGLAUB BY AMBASSAOOR ON PASTORA'S HISTORY AS
SPOILER IT WAS AGREED THAT IF SINGLAUB COULD ORTAIN
PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS
PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS
PASTORA'S TOULD RECEIVE SUPPLIES VALUED.

LATE 25 MARCH - SINGLAUB AND PASTORA SIGNED FOLLOWING

57We

Partially Declassified/Released on 2019088 under provisions of E.O. 12356 K. Johnson, National Council

NOO

うしている。

### UNCLASSIFIED

7111

AGREEMENT

BEGIN SUSTE DATE MARCH 25 1986

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAIOR GENERAL JOHN K. SINGLAUB USA TRET AND COMMANDER EDEN PASTORA

THE AGREEMENT IS AS FOLLOWS:

THE UNITED STATES WILL PROVIDE.

- 1 80015
- 2. F00D
- 3 AMMONETION
- 4 MEDICINE
- . W1PS
- 5 ENCRYPTED COMMUNICATIONS SYSTEMS
- 7. MILLITARY NEEDS FOR PASTDRA'S TROOPS INCLUDING NEW MEN WHO JOIN HIS ARMY
  - S TRAINING ADVISORS

THE ABOVE PROVISIONS ARE BASED ON THE FOLIOHING AGREED COMMITMENTS FROM PASTORA:

1. PASTORA WILL LEAVE, WITH HIS TROOPS

PASTORA WILL LEAD HIS MEN

INSTDE NICARAGUA.

I PASTORA WILLINGLY WILL ACT IN COOPERATIVE AND JOCO FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICAPADUA RESISTANCE

3 PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND 3000 FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN

UNCLASSIFIED

E 0 - 0

N O D

うしる。

UNGLASSIFIED,

7112

IN THE FOLLOW NO SKILLS

- : COMMUNICATIONS
- S INDIRECT FIRE TECHNIQUES
- C DEMOLIT ONS EXPLOSIVES
- 2 10015 105
- E RANGER TRAINING

4 PASTORA AGREES TO TRAVEL TO EUROPE SOUTH

MERICA OF SISTEMUCO MADISAME, LARTHED CHAPED ON EXPLAIN

ATTEMPT OF STATEMPT OF ST

S EVED JOHN A STYGLAUB

S GNED' EDEN PASTORA — END QUOTE

AMBASSADOR S COMMENT IN SPITE OF WRITTEN
AGREEMENT WE HAVE RESERVATIONS THAT PAS ORA WILL
COMPLY HOWEVER SINCE SINGLAUB IS ENVOYOF SENATOR
HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS AND HIS
OWN PESSERVATIONS UPON RETURN TO WASHINGTON HELMS MAY
RE E-ALUATE HIS POSITION REGARDING PASTORE SINGLAUB
PARD HIS COLLEAGUE BARBARA F. STUDLEY ASSUSTED SIGNAMATED AND HIS COLLEAGUE BARBARA F. STUDLEY ASSUSTED SIGNAMATED THAT A L
SUPPLIES EQUIPMENT/TRAINING WILL BE DELIVERED BROYFOED
VIA UND NOTHING WILL BE DELIVERED UNTIL PASTORA SIMEN

SINGINGLAUB PARTYCLEFT 27 MARCH FOR

LL DEPIPT

25 MARCH TO

FERS TO FEMAIN UNTIL 3 APRIL 61 3-25 CHANNEL

INCLASSIFIED

1 7 4 2 4 Jun 85

Witness"W" Exhibit#2

(Cre page)
DENIED IN
TOTAL

dtd: 4 Jun 85 - PROF NOTE -C 3048 CIIN 1501



> Aug &=

WITHESS "W" Exhibit#3

(Two Pages)

DENIED IN Total

d+d:7Aug 85 -Prof Note-C 3061-C3062 CIIN 1508



13 Aug Est

Witness "W" Exhibit 4

( where larger )

DENIED IN

TO TAL

dtd: 13 Aug 85

C 1261 - C 1263

5769

1/12/86 1200



5166

1030 hours Moral April 12. Per UNO South Force, drop misted in 15 minutes. Force requested to send full report/ inventory. When told, almost cried in grateful appreciation. Our plans during next 2-3 weeks includes air drop maritime deliveries NHAO supplies to same, NHAO air drop to UNO South, but w/certified air worthy aircraft, lethal drop to UNO visit to UNO South Force with photogs, UNO newspapers, caps and shirts, and transfer of 80 UNO/FARN recruits carrying all remaining cached lethal materiel to join UNO South Force. My objective is creation of 2,500 man force which can strike northwest and link-up with quiche to form solid southern force. Likewise, envisage formidable opposition on Atlantic Coast resupplied at or by sea. Realize this may be overly ambitious planning but with your help, believe we can pull it off.

New subject. AFP story appeared in morning paper on U.S. attorney south Florida investigation arms, drugs traffic involving insurgents and U.S. sympathisizers. Terrell, CMA named. Focus on Mar 1985 shipment ft. Lauderdale via

New subject. Ref Cruz split. Why not offer Cruz provisional presidency in secret agreement signed by principals?

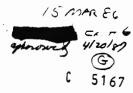
Regards, DV. BT

Partially Declassified/Refeased on 202 Aux 822 under provisions of E.D. 12356 V.K. Johnson, National Security Council

(5770)

TOP SECRET

### UNCLASSIFIE





Delivered to by 707 yesterday is a plane load of ordnance for your friends. Ammo aboard includes 7.62 x 39 and a like amt of 51. M-26 hand Also have grenades, ancillary items for the C-4 plastic explosives -blastic caps, det cord, etc., and light machine gunds w rds of linked ammo and a anti-personnel mines for te in ambushes. When and where do you want this stuff. paped to deliver as soon as you call for it. UNO/FARN communicator being placed in If so, please have this guy coordinate with Ralph so that we have things wired together. Also wish to note my guys are flying without any intel. Can we do something about getting them the radar profiles of Nic AAA radars, etc.

Partially Declassified/Released on 2004 to 88 under provisions of E.O. 12356 - by K. Johnson, National Security Council

TOP SÉCRET

UNCLASSIFIED





UNSEASOFIED



(P) 5176

The pilots and repair people are talking about a week to ten days before they can use the C-123 again and that is only if we are able to find the necessary part very quickly. The dual navigation systems aboard the aircraft showed them to be within 1 to 1.5 MI of the DZ for over 40 minutes. They were never able to see zone lights and never had contact on the radio on either channel. The pilots never had the agreed upon proposed run-in heading, possible enemy locations or recommended pull out direction to avoid enemy fire. The pilots described the fire as intense AA MG fire, probably 12.7. We are committed to commencing drops to the FDN by C-7 tomorrow night but can delay for one night to do your drop if we can get the necessary info for the pilots. To facilitate, have asked Ralph to proceed immediately to your location. I do not think we ought to contemplate these operations will but him being on scene. Too many things go wrong that the rectly involve you and me in for both of us. We still don't know what ting mountain leprosy. I was asked to provide 1500 doses for inclusion in the drop and we don't even know what we are supposed to be providing. I know we can do better; we have got to if these brave people -- the fighters and the pilots are to survive the experience. Help.

Partially Declassified/Released on 20 declassified/Released on 20 declassified/Released on 20 declassified/Released on 20 declassified on 20 decla

SECRET

UNGLASSIFIED

5772

7,0

C 11 1999



20 Jan 86 1013 72 July 1917 EDI C 51

2008 Hours 30 June. U 5 To Status of main UNO south force deteriorated badly past 7 days. Radio maga

bundles lay search. Now do not believe bundles dropped. Force

Tampertant comdrs retreat to Rio San Juana am expect cross today. Mtn legressy widespread, complicated by lack medicine, food, clothes, ammo.

Bottom line rupture fragile alliance ARDE with UNO. due inability resupply.

Force believes fault ours they vehemently reject our reasons. Even so

we making new effort, sending two qualified men by boat 1 July. One to Condr Gonzo, one to Comdr Ramon to set up secure DZ area and organize reception. Expect Gonzo will be quickly organized. Request you come work with us.

Expect Gonzo will be quickly organized. Request you come work with us.

Need July cassette.

From Ralph: Planning to go to my Monday to assess

on construction plans since I am supposed to give money to Ramone for regular expenses. I do not think I will have enough to cover any extras. V



5773

Partially Declassified/Released on 2014/088 under provisions of E.O. 12356
by K. Jonison, National Security Council

UNCLASSIFIED

N99-14

٢,٢

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

# UNCLASSIFIED

HS178 \_\_\_\_\_\_ /87

DEPOSITION OF GEORGE W. CAVE

Friday, April 17, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

#### Committee Hearings

of the

#### U.S. HOUSE OF REPRESENTATIVES

Partially Declarified/Released on DEC/7/9427
under provisions of E.O. 12355
by D. Sirko, National Security Council

OFFICE OF THE CLERK Office of Official Reporters



4008

DINKEL/mas

2

3 4

DEPOSITION OF GEORGE W. CAVE

5

6

7

8

10

11

12

13

14

15 16

17

18

19

20 21

22

23 24

Friday, April 17, 1987

U.S. House of Representatives,

Select Committee to Investigate Covert

Arms Transactions with Iran,

Washington, D. C.

The Committee met, pursuant to call, at 10:04 a.m., in Room H-128, the Capitol, with W. Neil Eggleston (Deputy Chief Counsel of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel, Richard L. Leon, Deputy Chief Minority Counsel and George Van Cleve, Deputy Minority Counsel, on behalf of the House Select Committee on Covert Arms Transactions with Iran; Timothy Woodcock, Associate Counsel, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; David M. Pearline, Legislative Liaiaon and E. Page Moffett, Assistant General Counsel, on behalf of the Central Intelligence Agency.

Whereupon, GEORGE W. CAVE, after having been

2 3

as follows:

1

5 6

7

8 9

10 11

12

13 14

15

16 17

18

19 20

21

22 23

24 25

EXAMINATION

first duly sworn, was called as a witness and testified

BY MR. EGGLESTON:

Thank you for appearing here today, Mr. Cave. My name is Neil Eggleston, Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. Also present from the House Committee is Richard Leon, Deputy Chief Minority Counsel; from the Senate Committee -- which exact name I cannot remember -- is Tim Woodcock.

We thank you for being here today. Let me tell you during the course of the deposition I will ask you a number of questions first about your own background, then about some of your early involvement in the Iran Initiative and then I would like to ask you questions taking you through your participation in the various meetings, phone calls and various events that were -- took place in order to fulfill the Initiative.

Why don't you just start, if you would, by telling us a little about your own background in the Central Intelligence Agency, when you started, some of your overseas assignments, when you left, up to the time that you, I quess, resigned from the Agency or retired or whatever.



### UNBEASSIERET

A I spent -- after getting out of the Hershey
Industrial School in 1947, I spent five years in the
military, all of which was either with the Army Security
Agency, and then assigned to the Armed Forces Security
Agency; and then when the National Security Agency was
formed, I was one of the first military detailees to it in
1951.

I got out in May of 1952 and went to college the following fall. Graduated from college in '56 and joined the Agency Interes on duty I thank October 1956.





  And then

HALL AMERIDEAN

# HAVEL ASSECTED

I retired

 and I have

been a consultant to the Agency ever since on Iran



Q Let me ask you what foreign languages -- I think
I should probably ask it have you spoken or do you speak?

A Persian and Arabic, fluently, although the Arabic is getting rusty. I haven't spoken it in ten years. I was very fluent in both languages at one time. I am still very fluent in Persian. I speak a little bit of French. That is all. And some Urdu.

- Q Some Urdu?
- A Yes.
- Q So I can complete the rest of your time period, you retired from the Agency, at what time?
  - A February 29, 1980.
- Q And what kinds of assignments have you had then between February of 1980 and March of 1986?
  - A It is --
    - O Generally.
    - Almost 90 percent Iranian operations

Q Let me ask you during the period of time that
you were -- had been associated with the Central Intelligence
Agency, have you come to know a man by the name of
Ghorbanifar?

ANCTVSSTEED.

### UNCEASSCREET

د∠ 

A Oh, yes. Yes.

a lot of it just didn't check out.

Q And when did you first have dealings with Mr. Ghorbanifar?

A Our first dealings with Ghorbanifar go back to

1 think January of 1980: When he first came across our

sights.

Q Were you personally involved with him at that time or was that the time the Agency first became involved?

A I met with him in -- once in 1980. I think in

August 1980. I met with him one other time, I think, just
to get a better assessment of him. Because we had been

getting -- we had had a case officer in contact with him

information was such that some of it appeared to be good, but



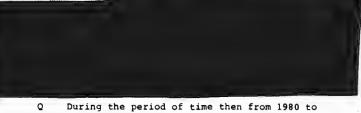
WICLASSITE TO

2

And on my recommendation, we

terminated our operational relationship with him in I think

September of 1981



1981, at the time you terminated your operation with him, was he providing terrorist type information?

Yes. He was, oh, providing us information on the organization of Iranian terrorism and attempts to export the revolution. Also, some political information on what was going on inside. The problem we found out was a lot of it didn't check out.

- And --
- And also making exorbitant demands.
- Financial demands?



When you say the Agency terminated its operational relationship with him, was that your decision?

- It was my recommendation. It was accepted.
- Who is it in the Agency who would make a decision, who actually would have made that decision?



1 3

4 5

6

7 8

9

10 11

12

13 14

15

16 17

18

19

20

21 22

23

24 25

| 1   | A Well, normally this would be that is                  |
|-----|---|
| 2   | concerned. It is concern,                               |
| 3   | would concur with the decision. Headquarters almost     |
| 4   | always goes it goes back to the division responsible in |
| 5   | Headquarters. They would concur. Normally, if the field |
| 6   | determines that the guy is not worth running, and wants |
| 7   | to terminate him, no one objects.                       |
| 8   | Q I take it that there would be some reflection in      |
| 9   | his file he had been terminated?                        |
| 10  | A That is correct.                                      |
| 11  | Q I take it something must then happen such that the    |
| 12  | Agency became involved with him again after that time?  |
| 13  | A Yes. We became involved with him again in the         |
| 14  | spring of 1984 when he reported on Iranian attempts to  |
| 15  | infiltrate terrorist groups into the United States.     |
| 16  | Q And did you have contact with him at that time?       |
| 17. | A No. I didn't have contact with him at that time.      |
| 18  | But I was aware of what was going on and was highly     |
| 19  | suspicous of the information he was providing. So we    |
| 20  | decided to give him a polygraph test.                   |
| 21  | Q This was in the spring of '84?                        |
| 22  | A Yes. I think we gave him a polygraph test in          |
| 23  | June or July of 1984.                                   |
| 24  | Q It is my understanding there were a total of          |
| 25  | three polygraphs given to Ghorbanifar.                  |
|     | UNILASSIILU 02-092 0012                                 |

Was this the second?

him during our previous arrangement

Yes.

2

3

4 5

6 7

8 9

10 11

12 13

14 15

16

17

18

19

20 21

22

23

24 25

|  | _ |  |  |
|--|---|--|--|
|  |   |  |  |
|  |   |  |  |

No. This was the first. We did not polygraph

The first polygraph I think was in June

or July. He flunked it. Because some of the information that he had, that he had given us indicated that the Iranians were attempting to infiltrate a team to assassinate senior U.S. officials, including the President, at the request of the Secret Service we gave him another polygraph. That was in August or September of 1984, I believe. At which he also flunked.

- As a result of those, the information that he had provided, that turned out not to be truthful, I take it --
  - Α That is correct.
  - fabricat notice was issued after that? Q
  - A fabrication notice was issued after that.
- Let me show you for the record, there is a number, I will use the CIIN number. As I talk about these I will refer to them by the CIIN number.

This has been marked by the Agency as number 511. Is that the fabricator notice sent out on him?

Yes.

CLASSIEJED-

## UNGEASSIERE

10

| 2    |  |
|------|--|
| 3    |  |
| 4    |  |
| 5    |  |
| 6    |  |
| 7    |  |
| 8    |  |
| 9    |  |
| 10   |  |
| 11   |  |
| 12   |  |
| 13   |  |
| 14 / |  |
| 15   |  |
| 16   |  |
| 17   |  |

18

19

20

21

22

23

24

25

1

Q Are you responsible, were you responsible for sending out the fabricator notice?

A No. You see, as a consultant, you have really no authority to take executive decisions. These I think are put out by a staff, not by the operating division.

Q Were you consulted about whether or not to send a fabricator notice on him?

A I don't recall being consulted. I would certainly not have objected to it.

Yes. Correct. We terminated our relationship



Q .... The fabricator notice makes reference to one of

his aliases as Mr ( Mralis?

- A Yes a Greek passport.
- Q I notice it also seems to indicate there was some belief he was in touch with Israell intelligence
  - A Yes.

services?

- Q Do you know why that conclusion was made?
- A One of the most interesting things about



### UNCEASSIFIEDET

Ghorbanifar is up to the time of the Iran Initiative he never told us about his Israeli connections. We knew about him because he had been with Star Shipping. He was the Iranian Director of Star Shipping which was a joint Iranian-Iraeli concern with heavy intelligence overtones.

- Q It was based on that association that the Agency concluded that he had Israeli intelligence associations?
- A Yes. He was also -- that is where he got the nickname and i.
- Q Let me ask you to put a date on it. When is the first time, in '85 or '86 that you learned that the United States government has renewed its dealings with Mr. Ghorbanifar?
  - A The first -- it is in early January. I was --
  - Q Estay January of '867'
- A '86. I was told that Chorbanifas had provided extensive information on terrorist Iranian terrorist activities to Charles Allen. I looked at some of the material and didn't believe it. It was similar to the kind of things he told us before. A mixture of truth. When Chorbanifar does something like that, he is setting you up or somebody up to make -- not necessarily you -- to make a lot of money.

It was decided to give him a polygraph test on

#### IINCLASSIEIED...

this and I and the polygraph operator, and the counterintelligence analyst worked for two days coming up with the questions for the polygraph. I think the polygraph was given on the 17th of January.

- I think it was given on the 11th.
- The llth. Maybe it was the report on the polygraph that was filed later. In any case, he really flunked it. We knew -- I knew what kind of questions to ask. He really flunked that one. He showed deception -- clear deception on 13 of the questions we asked and the others, two were inconclusive. As I said before, he got his name right
- During the fall of 1985, I take it you were still working on Iranian matters?
  - Yes, I was.
  - Was that generally related to the hostages?
- Not so much because the hostages -- the hostage question was really being handled by the counterterrorist people. Since it was in Lebanon
- But during -- between July and early -between July of 1985 and early January of 1986, I take it you were not consulted about Mr. Ghorbanifar?
- I was not consulted until early January when we put together the polygraph test for him.

11

14

17

18

19

20

21

22 23

24

25

## UNCEASSIFIEDET

13

| 1        |   |
|----------|---|
| 2        |   |
| 3        |   |
| 4        |   |
| 5        |   |
| 6        |   |
| 7        |   |
| 8        |   |
| 9        |   |
| 0        |   |
| 11       |   |
| 2        |   |
| 3        |   |
| 14       |   |
| 15       |   |
| 6        | I |
| 16<br>17 |   |
|          |   |
| 9        |   |
| 20       | I |
| 21       |   |
| 22       |   |
| 23       |   |
| 24       |   |

| Q Let me get to the polygraph test in a second.            |
|--|
| I want to show you two documents and ask you whether or no |
| during the period of time that you were working on this,   |
| whether either one of these came across your desk.         |
| Here is CIIN #1034. That is a cable dated July '85.        |

- A I don't recall seeing this.
- Q Have you seen it -- ever seen it prior to just this minute?

A No. I don't recall seeing it. But that is -most of the time I would be overseas. I would just come in
to get a briefing. I did not spend much time in
Headquarters.

Q Let me just also show you for perhaps the same purpose CIIN #1033, which is a document addressed to Arnie and signed by, it appears, Peter. It is dated July 11 of 1985. Do you know who Arnie and Peter are?

A Arnie? The only Arnie I can think of that would be there would be I don't recall seeing this

document.

Q It is another document which refers to

and Manucher, however you pronounce the first name.

- A Manucher. I don't know who the Peter would refer to.
  - Q Okay.

How did you come to be involved in -- who asked

#### INCLASSIFIED T

### UNGEASSKEIRET

about

<u>.</u>

 you to participate then in designing the questions for the polygraph? How did that come about?

A I forget who was the -- it would be the Iranian branch chief at the time. I was back here in Headquarters area and I cannot recall who it was at the time. But that the it would have been.

ou mean the person on the Iranian desk?

tes, head of the Iranian branch.

A Probably. Probably

You kney I take it?

A Yes. Very well.

Q But it was no one at a different level? It wasn't Clair George? You think the request for assistance came from

A Yes, I think iddd. Based on his files, he said you seem to know as much about this guy as anyone. Why don't you help us out on the research on the polygraph for him.

Let me ask you sort of the state of four waveledge as of the time you were asked to help out on that. By that time you were asked to help out on that. By that time you were of the conducted a fairly lengthy interview of Ghorbanifar at Ledeen's, Michael Ledeen's home. Were you aware of that?

HNCLASSIFIFA

### UNCEASSAFICET

15

| 2  | Q He did a memorandum on that meeting. Had you             |
|----|--|
| 3  | read the memorandum, or did you read the memorandum?       |
| 4  | A Yes. I am pretty sure I did. I would have had            |
| 5  | to.  |
| 6  | Q To help design the questions?                            |
| 7  | A To design the polygraph.                                 |
| 8  | Q I take it then by that time you were aware               |
| 9  | Mr. Ghorbanifar had been involved in some fashion in       |
| 10 | fall arms shipments and negotiations about release of      |
| 11 | hostages?  |
| 12 | A I'm not sure if I was. I think the specific              |
| 13 | things that we were concerned about, as I recall yes.      |
| 14 | That is true.  |
| 15 | Q Because it was in memo.                                  |
| 16 | A Yes. I recall now. What we were as you                   |
| 17 | probably know from looking at the polygraph, we were       |
| 18 | focusing on one part of it on his information on terrorism |
| 19 | and Iranian and also as that concerned the taking of th    |
| 20 | hostages.  |
| 21 | Q And was it what was it did you have an                   |
| 22 | understanding about the reason that you were being asked   |
| 23 | to conduct this polygraph? Did you have any understanding  |

UNCLASSIFIED.

about what it was anticipated anyone would use Ghorbanifar

24 25

for?

16

It was crucial that we determine the accuracy 2 of the information he was passing. Prior to the time that the polygraph was taken, did you speak to or Clair George or anyone about your views about Ghorbanifar? Α No. Were they solicited by anyone? I don't recall. Did you make your views on Ghorbanifar known to Oh, yes. I think shared my views. He charlatan.

1

3

4

5

6

7

8

9

10 11

12

13

14

15

16

17

18

19

20

21 22

23

24

25

thought the guy was, after having met with him, was a

Did you understand that there was thought to use him or to continue to use him on the hostage release aspect?

No. In fact, I was very alarmed by it when I found out about it on the 5th of March.

You thought what you were doing is evaluating him for further information about counterterrorism?

Yes. And that once -- I assumed once the -see, I got the flu. I was supposed to be at the polygraph session and wasn't able to make it. And so after coming back and hearing -- talking to the operator, I assumed that all our relationships with Ghorbanifar were therefore

1

2

3

4

5

6

7

8

9

10

11 12

13

14

15 16

17

18

19

20

21

22

23

24

25

meeting?

17

#### HOHOSHUM terminated. The polygraph examination itself was on January 11th, I think, of '86. Then -- you were sick on the 11th? Yes. I couldn't make it. I was really in bad shape. When did you first learn that he had failed all the questions except his name? When I got back into Headquarters a couple days later. Who did you learn it from? I think it was who told me. Do you recall -- did you speak about Ghorbanifar then with anyone other than Did you have conversations with -- were there and meetings about it that you recall? No. I don't remember speaking specifically about I thought that that ended the matter. There was a meeting which took place on the 12th of January in Clair George's office. There was discussion

I don't recall attending it, no.

at that meeting about the polygraph result and what

to do and various things like that. Did you attend that

Within a few days after that, maybe the day after

## UNCEASSIEIEDET

that meeting, Charles Allen actually meets with Ghorbanifar again and has a long session with him. Did you know that that was taking place?

- A Not at the time, no.
- Q You didn't learn that until after March 5th?
- A That is right.
- Q Let me just ask you -- raise it up to March 5th, but ask you between mid-January of 1986 and March 5th of 1986, do you have any further dealings with Ghorbanifar, conversations about Ghorbanifar, what to do with him, were you consulted about him in any fashion?
- A I don't recall because -- I am sure. The revelation on Marvh 5 when I was first briefed was quite a shock.
- Q You now know there was a shipment of a thousand TOWs in mid-bruary from the United States through various whatever hands and routes to Iran. Were you aware of that at the time it was taking place?
  - A No, I wasn't.
- Q Let me direct your attention then to March 5 of '86. Could you tell us how it was that you were brought into this operation, where it took place, who was present?
- me how I would like to meet Rafsanjani. I said well,



## UNCEASECEPET

what is the story? He gave me a briefing that the NSC has been involved with the Israelis in an operation which we -- which has several goals; one of them is for us to reestablish a strategic dialogue with the Iranians leading to the normalization of relations and also hopefully get the hostages released. That was sort of the sumation of the briefing.

- Q Who else was present at the briefing?
- A I was introduced as I recall to Charlie Allen later that day. There was a discussion with Charlie, and I. I think also I met Ollie North -- came over in the afternoon, that are a second.
  - Q You think you met Ollie North then on March 5th?
  - A Yes. On March 5th.
  - Q Is that the first time you ever met North?
  - A Yès.
- Q I get the impression that was the first time you met Charles Allen?
- A I heard about Charlie. I knew who he was. I never had anything to do with him personally or operationally.
- Q How long did the -- what was title at the time that this meeting took place? Was he Chief of the Near East Division?
- A I can't remember whether he was chief or the deputy chief.



### THYCLASSIFIED

20

| _ | J |
|---|---|
| 2 | l |
| 3 | l |
| 4 | J |
| 5 |   |
| 6 |   |
|   |   |

1

Q How long --

A Shortly thereafter he was chief I know.

Q How long did this conversation last?

A I cannot honestly remember.

Q What was your reaction when you were told about this initiative? Did you say anything?

A Well, I thought the idea of initiative -- because I had long believed and -- that we needed a dialogue with the Iranians and also we had several indications from other operations that were going on that the Iranians -- at least it was an indication there was some interest on the part of the Iranians. That part of it I felt was good.

The question of arms for hostages -- using the arms for us to establish our bona fides and their getting the hostages released to establish their bona fides was a policy decision made elsewhere and didn't concern me. My real worry was we were relying heavily on one, Ghorbanifar, who to this day cannot be trusted and, secondly, the Israelis, who had different goals in this.

Almost as I got briefed -- you know, most of the Initiative was still in the hands of the Israelis.

Q What did you understand or was your view about the different goals the Israelis had as opposed to the goals of the United States?

A Well, for the Israelis, I don't know if you are

#### INCLASSIFIED.

7

8 9 10

11

12

14

15

16 17

18

19

20 21

22

23 24

25

### UNGEASSKEIEDET

aware of it, but the Israelis under the Shah had an excellent relationship with the Iranians

Q So what -- as of this time period, the post-Shah Iran, what were your views about how the Israeli interests differ and how that should affect our judgment about how to proceed?

A Well, the Israeli interest, of course, were as long as Iran is fighting Iraq, you go back to the '73 war, the fact that Iran and Israeli help was able to tie down a great portion of the Iraqi army. That was a great help for Israel during the '73 war. Iraq was not able to fulfill its military obligations to the Arabs during that war.

The strategic situation, given the war with Iraq, was such as that the Israelis were providing

UNCLASSIFIED.

#### UNCIA SSIEVEDET

?2 

 to the Iranians and would like to have done a lot more. To them, an Iranian defeat of Iraq is perfectly all right. The last thing they would like to see is an Iraqi victory which would strengthen the Arab hand. They also by this time had learned, I think, that given the situation in Tehran, there was no way they could get back to the same kind of relationship with Iran unless the United States was able to do some brokering for them.

This is why -- I think this is why they pursued this so aggressively, this initiative.

Q What kind of assistance did you understand

Israel to have given to Iran up to this time? Military

assistance?

A Yes. We had had reporting

that the Israelis had provided considerable

amount of assistance to the Iranians.

٠.

think the problem came, for Israel, probably in late 1984 when the Revolutionary Guard became the supreme military power in Iran.



And to -- when you get to the Rev Guards, you



get to the groups who find Israel an anathema.

## UNSPASSIFIED T

Q At this meeting with and others, what were you told about the Israeli role in the initiative up to that time, if you recall?

A I was told about the fact that the -- it wasn't a full briefing. I was told we were involved with the Israelis and that a special office in the Prime Minister's office headed by their counterterrorist man, General Nir, was the point man. And I didn't -- was not able to brief myself on all the details until some time later.

- Q Do you recall at that time were you told about the prior arms shipments? First, about the February arms shipment? Had you been told about that?
  - A I think I found that out the next day.
  - Q Let whe get to that.
- A cold me I want you to read up on several things that have happened.
- Q Were you told then, still directing your attention to March 5, were you told about the fall of '85 shipments, the HAWK shipment, and the TOWs from earlier in the fall?
  - A I don't think I was. I don't recall being told at that time.
  - Q When you said that Oliver North came in at the end or the afternoon on the 5th, was that after this meeting with the sover? A separate time?

UNCLASSIFIED...

1

2

4

5

6 7

8

9

10

11 12

13 14

15

16

17

18

19

20

21

22

23

24

25

#### I think I met with Yes. It was separate. the morning. I can't remember when I met with Charle!! was about that time. Okay. A And then Ollie came over. Hen the afternoon. I don't know whether Charlies I can't recall. What was your understanding about why you were being brought into it? Well, several reasons. One is that they didn't want to have to rely on Ghorbanifar as a translator, because during the meetings when went over, there were quite a bit of indications that Ghorbanifar wasn't translating accurately. Sam thing happened incidentally when we were in Tehran. So they decided they needed someone that spoke the language fluently, that they could trust to translate accurately; and second, they wanted someone that -- up to this point no one had been involved in this operation that understood anything about Iran or had ever set foot in Iran. Those are the two reasons given to me. So in the afternoon you met with, you think, and Oliver North, the afternoon of the 5th? That is correct.

Was that just a briefing as well?

# UNCLASSITUTE T

25

|     | 1  |
|-----|--|
|     | 2  |
|     | 3  |
| •   | 4  |
|     | 5  |
|     | 6  |
|     | 7  |
|     | 8  |
|     | 9  |
|     | 10   |
|     | 11   |
| end | m <b>42</b>                                  |
|     |  |
|     | 13   |
|     | 13<br>14                                     |
|     |  |
|     | 14   |
|     | 14<br>15                                     |
|     | 14<br>15<br>16                               |
|     | 14<br>15<br>16<br>17                         |
|     | 14<br>15<br>16<br>17                         |
|     | 14<br>15<br>16<br>17<br>18                   |
|     | 14<br>15<br>16<br>17<br>18<br>19             |
|     | 14<br>15<br>16<br>17<br>18<br>19<br>20<br>21 |

25

| A Yes. It was a short one because Ollie was                |
|--|
| involved in several other things. I saw him briefly the    |
| next day. I can't remember whether it was in his office or |
| whether he came over to the building. We left that night.  |

- Q You left the night of the 6th?
- A That is when I think. Some people say we left the 7th, but I swear we left the night of the 6th.

MR. LEON: Left for where?

THE WITNESS: For Paris. It was the day the TWA strike started.



ake #la bp-l

### UNDEASSHIRET

26

BY MR. EGGLESTON:

Q This is the sixth or seventh, whichever. Colonel North's calendar seems to indicate you left in the evening. Seventh. Who knows? I take it you went over with Colonel North?

(I)

Yes.

who all went over together? You, North?
Ollie North, and myself.

Q Who did you meet with when you got to Paris?

A We went to the airport immediately, to one of the airport hotels. I don't know. or the

one of the two. Nir and Ghorbanifar were at the

Q Did you meet them the next morning then?

A Yes. We got right off the plane and went right to the hotel. After the meeting we went back to the airport and flew back to the United States.

O How long was the meeting?

A I guess we got to the hotel about 8:00 or 8:30. It went on until about noon when we rushed out to --

Q You caught the afternoon flight back?

Caught the afternoon flight back.

Q Throughout the meeting, it was just the five of you?

A That is correct.

Q If you could summarize as best you recall, what

NCLASSIFIED TO

6 7

8

2

4

5

9

11

12

13

14 15

16

17

18 19

20

21 22

23

# UNTEASSIFIEDT

was discussed at that meeting?

A We met briefly with Nir first who told us that Ghorbanifar had done a great job about lining up things with the Iranians, and then he was called in. We talked to him. Ghorbanifar said that he had a tentative agreement for us--for a delegation to go to Tehran and meet with senior officials. He said there is several things -- just in general terms, they are interested in talking about the Soviets

He also spent an enormous amount of time telling us how none of this could happen without his participation; that he was the key man. I also recall separately asking Nir if they had done assessment of Ghorbanifar to satisfy their faith in him. He asked me what do you mean? I said, "Well, we have some doubt, and I think if you haven't done it, you ought to."

I don't know if they ever followed up. They considered him their agent. They made that known.

- Q Let me--
- A They told us about that.
- Q Let me show you what is marked as CIIN Number 251.

  Is this your report of the meeting on March -- is this a document prepared by you?

A Yes. This was -- when I got home that night, I thought that it was a good idea -- I just typed on the

UNGLASSIFIED

1

3

5

6

7

8

9

10

111

12

13

14

·15

16

17

18

19

20

21

22

23

24

25

#### UNCEASSICE ET

28

| typwr | iter  | at   | home | ÷ . | I   | think | I  | did   | this | at | home. | A | nyway , |
|-------|-------|------|------|-----|-----|-------|----|-------|------|----|-------|---|---------|
| some  | thing | ıs t | :hat | I   | rec | alled | ha | ірреп | ied. |    |       |   |         |

- Q There is kind of a summary of the meeting that took place?
  - A Yes.
- Q At least part of what happened at this meeting is there was a discussion about organizing the trip by American officials to Tehran; is that correct?
- A That is correct. Oh, and also it was at this meeting that Ghorbanifar told us that -- what they were desperately interested in is getting spares for their Hawks. He came up with this long list of 240 line items.
- Ω So this was the meeting -- this was one of the meetings at which the Hawk parts -- was it your understanding this was the first time Ghorbanifar had come up with this request for Hawk parts?
  - A First, I knew of.
  - Q Did he have a written list?
- A He had a written list he had taken down over the phone and made up himself.
  - Q Did he provide you guys with the list?
  - A Yes.
- Q Do you know approximately how many items it was at opposed to different kinds --
  - A There were 240 different items on the list. Some

WEASSIERT

1

2

3

5

6

7

8

9

11

15

16

17

20

21

22

23

24

25

#### UNSEASSIMEET

29

there were 10, 9. There is a figure somewhere about the total number of items, but I don't have it.

- Q Who did you understand he had gotten this list from?
- A From
- Q I take it you had not met

by this time?

- A Oh, no. No.
- Q Could we get that back and give it to the witness?

  Page 2, I think the last line of this document, why don't

  I refer you to paragraph 12. If we could ask how this

  conversation came up.

A Oh, yes. When he was talking about the deals

I didn't know what he meant. I didn't question him. No one else did, the specifics of what he had in mind. He also, as an aside said, and also for Central America

19

Q Well --

A Because it was Ghorbanifar, and it was money. I made a note of it just in case.

Q Let me ask you. As of this time, were you aware that one of Colonel North's other accounts, since that phrase is used, at the NSC was Central America and the contras?

## M6LASSEER T

## CHEEASEIPEET

| A I don't think so. Because I met him briefly and          |
|--|
| were discussing this. It wasn't until, I think, after we   |
| came back from this trip that I learned anything that was  |
| meaningful. Someone might have said he is concerned        |
| with terrorism or something else. They might have said     |
| that in brief. I didn't get any detailed knowledge of his  |
| other activities until after this trip. I am sure of that. |
| Q By this time, Charles Allen had interviewed,             |
| I think, at least twice Mr. Ghorbanifar. In fact, Ghorbani |

Q By this time, Charles Allen had interviewed,
I think, at least twice Mr. Ghorbanifar. In fact, Ghorbanifar
made some reference to Charles Allen about using profits
from some deal to help out Ollie's buys in Central
America.

Were you aware of that as of this time?

- A No.
- Q Were you aware of that --
- A I wasn't aware of it until now.
- Q Right now you are not aware of it?

There is a question I forgot to ask you which is in preparation for this meeting. You indicated you had done some reading in order to get sort of up to speed, because you obviously knew other things had happened. What was it you read?

A I just looked at Ghorbanifar's 201 to make sure of the dates. When you asked me, remember, in the interview, I couldn't remember the dates of when we did what. I just--



# TROPASSIONET

| that | is | all | I | read. | That | is | the | only | thing | I | read. |
|------|----|-----|---|-------|------|----|-----|------|-------|---|-------|
|      |    |     |   |       |      |    |     |      |       |   |       |

- Q So you didn't read information about hat had happened previously in 1985 and 1986?
  - A Oh, no. No.
  - Q There was --
- A In his file. I went through his file. But none of that stuff was in the lile.
- Q Was there -- let me return then to the meeting of March 7 or 8 which took place in Paris. Was there any discussion at all during the course of that meeting about financing of this deal? How much the weapons -- how much the Hawk parts would cost?

A No. The only thing that -- what and I said that we would find out the availability of the spares on the list and some preliminary information on what it was going to cost, because as I recall, it would take us a long time to get the costing from the military.

- Q Was there any discussion, if you recall, about the method of financing, how it was Ghorbanifar was going to come up with the money, what he was going to do?
- A Oh, no. Not at that meeting. In fact, that was entirely in his and Nir's hands.
  - Q That was entirely in his and Nir's hands?
  - A Yes.
  - Q This memorandum that I just showed you which has



## TOPPASSIFIE BT

32

got the number 251 on it, what did you do with the memorandum 1 after you wrote it up? Who would you have distributed the 2 memorandum to? 3 I suspect that the only people that ever saw it were at that time and I am 5 sure I sent a copy to Ollie. 6 Did you think you sent a copy to Charles Allen? 7 I am sure Charlie. By that -- shortly thereafter, 8 I worked closely -- started working closely with Charlie 9 on 10 support the effort. 11 Where were you -- where was your office or where 12 were you working out of at this time at the agency. 13 I didn't really have an office. 14 That is why I was curious. 15 I spent sometime going -- I spent 16 a lot of time in Charlie's office going were 17 everything, partly because he was usually 18 away and it was a quiet place, sometime on the Iranian branch, 19 sometime in the chief N.E. front office. 20 Let me ask you another question about this meeting. 21 During the course of the meeting, I want to get a sense of how 22 far the planning for this United States delegation to 23 Tehran went. Was there any discussion about who would go, 24 why it was necessary? 25

sary? UNCLASSIE!ED UTCHASSIE!ED

# HYBEASSPEET

2

3

4

6 7

8

9

11

12 13

15

18 17

18

19

20

21

22

23

24 25 A No.

Q Was it Ghorbanifar's idea? Was it our side's idea?

A My impression was that this had been in the mill for some time.

Q There had been prior discussions?

A Prior discussions. Because Ghorbanifar says that they have agreed in principle to the idea of a delegation coming to Tehran.

Q Okay. As of this meeting, no, it is clear that the meeting -- as of this meeting on March 7 or so, it is clear that the meeting that would take place would be a meeting in Tehran?

A No. Not necessarily. Because as you will recall later, the original venue was to be Kish Island.

. Q Right. After you returned from this meeeting, did you meet with anyone? Did you meet with McFarlane or --

A It was much later on I met with -- I only met with McFarlane once before we went to Tehran and I went down to brief him.

- Q That was substantially later than this?
- A Oh, yes.
- Q I don't want to ask you until we get to it in the chronology, but would that have been after the April meeting with Ghorbanifar in D.C.?

A Oh, yes.



Well, after?

bp-9

22

23

24

25

anything.

34

| 2  | A Yes.   |
|----|--|
| 3  | Q When you came back then, did you brief anybody           |
| 4  | about the trip?  |
| 5  | A I am sure it was after the yes. See, there wa            |
| 6  | yes. It was.   |
| 7  | In April, there was the possibility that Ollie             |
| 8  | and I would fly in with Ghorbanifar.                       |
| 9  | Q Right.   |
| 10 | A That fell through.                                       |
| 11 | Q Okay. Did you come back and brief Clair George           |
| 12 | or the director or anyone after returning from the trip to |
| 13 | Paris in March?  |
| 14 | A I can't honestly recall when the first time I            |
| 15 | met with the director on this operation was. I am not sure |
| 16 | that I did meet with him right after this trip.            |
| 17 | Q You met with him before the trip to Tehran,              |
| 18 | I take it?   |
| 19 | A Oh, yes. Several times before we went to Tehran.         |
| 20 | Q Do you know whether you met with him by the              |
| 21 | time Ghorbanifar came to the United States?                |
| 22 | A Yes. I think I met with him by then. I can't             |

Who is generally at the agency who is sort of the



remember precisely when it was. I don't keep diaries or

### INTRASSIFIED T

supervisor of this operation? Is it as at what level is this being generally supervised? Who the one who is primarily in charge?

A I would say, is the best one to focus

Q Let me ask you, then, between this meeting on March 7 of 1986 and the meeting that took palce in early April of 1986, what activity did you have with regard to this? Do you recall?

A I think -- I had very little to do with it except to work to monitor the intelligence.

Q Were you reading the intelligence that was coming

in by this time?

A Yes, I was.

Q Had you gone back and read the previous intelligence

A \ Yes. I reviewed most of

I don't think I went all the way back. It didn't concern me.

Q Did you have any -- this is now. I am sort of focusing on March up until early April of 1986. Did you have any telephone conversations with Ghorbanifar? Did he ever call you during this period of time?



# UNCH SHEET

|       | A    | Ιd    | lon't | think   | so.  | Most  | of   | the  | times,  | you   | know  |
|-------|------|-------|-------|---------|------|-------|------|------|---------|-------|-------|
| when  | he o | calle | d I   | gathere | d he | eithe | er - | - hi | s usual | l cor | itact |
| was ( | har  | lie A | llen  |         |      |       |      |      |         |       |       |

- Q You don't recall him calling you?
- A No. He didn't have my home phone number.
- Q Did he call -- you didn't have any contact, I take it with

A No. The first time I talked to was when we were in London in May.

Q During this time period, was there any effort to figure out a way to get Ghorbanifar out of the operation?

A No. He was considered essential. Let me go into -there are a couple of -- there was quite a bit of argumentation
about this. The Israelis, particularly in the person of
Nir, insisted on Ghorbanifar, for one thing. I was at
the other end of it, insisting that he couldn't be trusted.
There were other people that felt that you had to keep him in
because since he -- because he would probably blow the whole
thing.

He was investing a lot of money in this operation, so that he had to be kept in it. I was more concerned that, knowing Ghorbanifar, that Ghorbanifar works for Ghorbanifar, period, which is basically what we found out when we got to Tehran.

The interesting thing to me was that the Israelis



UTPEASSIFIEDET

were still insistent on it. He had to be used after the fiasco in Tehran.

Q What was the understanding of the reason the Israelis by this time are involved in this entire initiative in such a direct fashion; they are no longer -- by this time they are no longer directly providing any of the material. What was their role once you get involved?

A They were -- well, Nir kept a very tight rein on Ghorbanifar and the Israeli position was that they wanted to get as much out of this operation as possible also. There was quite a debate. You know, I made the point I thought it would be a terrible error for Nir to go to Tehran and it, was decided that because of the way the Israeli pressure on this issue, that the only way that you could get him out was for the President to call Perez and ask him to say that he just can't go.

I think it was finally left up to McFarlane. He said, "Well, he has worked so hard on it, let him go."

- Q Let me just ask you as of March of 1986, were you aware General Second had been involved and was involved in this operation?
  - A No, not at that time.
  - Q How about Albert Hakim?
  - A No.
  - Q Did you know Hakim had attended previous meetings



1

3

5

6

7

8

9

10

11

12 13

14

15

16

17

18

19

20

21

22

23

24

25

### USPASSFRET

38

or Secord had attended previous meetings?

- A Yes. Excuse me. I knew Hakim after I got -- was present in the February meetings in Europe.
- Q Did you know Secord -- but, so you were aware Hakim had some prior involvement in the operation?
  - A Yes.
  - Q How about Secord?
- A It wasn't until sometime later I became aware Secord-- Dick was involved.
- Q Before or after -- at least by the time of the Tehran trip you knew, because he shows up in Tel Aviv?
  - A Yes.
  - Q Okay.
- A The first time I saw Dick was when we met in Tel Aviv.
  - Q You knew Secord?
- A We were but our path didn't cross. We knew of each other, but had no business dealings with each other
- Q Did you have any understanding about what Hakim was doing, why he was involved in the February meetings?
  - A No not at that time.
  - Q Did you know Hakim before this time?
  - A I knew of him.
  - What did you know of him?



25

# UNCEASECRET

| -   | _ |
|-----|---|
| - 7 | a |
|     |   |
|     |   |

| 1  | A That he was an extremely successful Iranian             |
|----|---|
| 2  | businessman, several cuts above Ghorbanifar. For an       |
| 3  | Iranian to have gotten the contracts and been able to put |
| 4  | together the firm that he did in Tehran was quite an      |
| 5  | accomplishment.   |
| 6  | Q But your knolwedge of him was basically he was an       |
| 7  | Iranian businessman?                                      |
| 8  | A Yes.  |
| 9  | Q You didn't know why it was that he became involved      |
| 10 | in this operation?  |
| 11 | A No not at that time.                                    |
| 12 | Q Let me direct your attention to the meeting             |
| 13 | April 3 and 4 of 1986 that took place here. How did       |
| 14 | that meeting get set up and what was its purpose?         |
| 15 | A Ghorbanifar, as I recall, called Charlie saying         |
| 16 | he was coming over on the third and had and also by this  |
| 17 | time we had information on the availability of the Hawk   |
| 18 | spares and also some preliminary pricing data.            |
| 19 | Q Okay.   |
| 20 | A So he came over on the third. We met him at the         |
| 21 | airport.  |
| 22 | Q Who met him at the airport?                             |
| 23 | A Charlie Aller and I.                                    |
| 24 | Q Where did you go?                                       |

Ramada Renaistande Potalo

Okay. Did you meet with him that night?

40

1 2

3

5 6

7

8 9

10 11

12 13

14 15

16

17 18

19 20

21 22

23

24 25

Yes. I met with him -- we met with him in the as there and then Ollie showed up later. afternoon We also had dinner at the hotel. It was Ollie, and myself and Ghorbanifar.

- Charlie Allen, too.
- I think Charlie had to go somewhere, as I recall.
- So when -- sort of a substantive meeting took place, Charlie Allen was not present?
  - As far as I recall, wasn't.
  - How long did that meeting last?
- We had -- Charlie and I met him -- he was delayed in the airport because he was carrying \$50,000 and he had to fill out all the forms and everything.

MR. LEON: What time did he arrive?

THE WITNESS: He arrived on -- it was a morning flight from London, as I recall.

BY MR. EGGLESTON:

- Did he have \$50,000 in cash?
- Yes.
- Was it United States currency?
- Yes. We took him to the hotel and had lunch with and I met with him and Ollie joined him, then went back us later in the afternoon.

We gave him some data on what parts were available



UNCEASE PET

41

| 1        |  |
|----------|--|
| 2        |  |
| 3        |  |
| 4        |  |
| 5        |  |
| 6        |  |
| 7        |  |
| 8        |  |
| 9        |  |
| 10       |  |
| 11       |  |
| 12       |  |
| 13       |  |
| 14       |  |
| 15       |  |
| 16       |  |
| 17       |  |
| 18       |  |
| 19       |  |
| 20       |  |
| 21       |  |
| 22<br>23 |  |
| 23<br>24 |  |
|          |  |

and what parts were no longer manufactured at that meeting. At that meeting, he again spent a lot of time telling us how he was essential to the operation and also gave us a better -- a clearer idea of who we would be meeting when we went to Tehran, and also that the venue -- proposed venue, I think was Kish Island.

Q Do you recall who he told you he thought you would be meeting during the Tehran trip?

A The problem with this is that some of the names came up, didn't come up until we got to London in May. I can't say precisely who he -- I can't recall precisely who he said at this meeting we would meet. I am sure it was Rafsanjant, and Prime Minister Musavi.

Q Let me show you what was Number CIIN 513 on it.

Is this one of your reports, too? Is this the report of the meeting?

A Yes. This is mine. Oh, yes. They couldn't meet us in Kish. I know Kish was discussed at this meeting. Yes. This is mine.

- Q It is a report of that meeting, I take it?
- A That is correct. I haven't seen this in sometime.
- Q Was there any discussion at this meeting about a pre-meeting involving lower level officials?
- A I think this is the -- is where we discussed the possibility of Ollie, I and he flying in.



#### INCEASE CRET

| Q | Okay. | Was | that  | agreed | uponí |
|---|-------|-----|-------|--------|-------|
| v | Oray. | mas | cttac | agreeu | upon, |

A Well, we agreed to look into it. We came pretty close to going eventually, but it was finally -- I gather, as far as I know -- scotched by the White House.

Q Why don't I, since I am on that subject, jump ahead. What is it -- maybe just to place this in time, there is another meeting that you, I think, attend in early May.

A Yes. That was the final meeting before we went.

Q All right. Do you have any understanding about why the pre-meeting or a set up meeting was cancelled, not allowed to take place?

A I don't -- this was done at the White House or the NSC, the decision not to go. I was prepared to go.

But who said in the final analysis, no, I can't tell you.

Q Did you think you ought to have a pre-meeting?

A I thought it wasn't a bad idea. Because having -with all my Iranian experience and my mistrust of Ghorbanifar,
I thought there was an awful lot of risk in us going in.

Q Personal risk?

A Yes.

Q Did you -- and I am getting out of my chronology-think there was a personal risk in going in in late May with McFarlane?

A I thought the personal risk would be based entirely on what the radical faction would do if they found out that

HOLASSICRET

#### TRAPASSICIE T

we were there, or if it became general knowledge that we were there.

- Q So that it didn't really matter who it was, the problem was whether or not you would be discovered or not discovered?
  - A That is correct.
- Q I take it you thought if the radical faction found out you were there, there was an excellent chance you would be seized?
- A There were members of the radical faction that knew about it. The problem would be if it got to be general knowledge that we were there, the radical faction, would have to react. I thought we would be in serious trouble. Even then, I thought the Iranians would make every effort to get us out.
- Q According to the memo at least there is some discussion at this time about the money, and when it is going to be deposited and various things like that.

Can you tell us -- and if you want to look at this again, I would be glad to show it to you. Do you mind?

- Q Not at all. I think it might be helpful.
- A Okay. Yes. There was a long discussion at this meeting about the timing. In other words, how much in advance we had to have the money deposited before we could arrange everything. That is to the CIA account, because



1 2 3

## UNCEASTICET

| nothing from that date is when we had to start timing  |
|--|
| things, when we can pay for the <code>Hawk</code> spares and the 508 $_{\mbox{\scriptsize TOW}}$ |
| and get them positined and then, because our arrival in  |
| Tehran would have to be based on the time we got everything                                      |
| prepositioned.   |

- Q Just a couple of questions. First, what was your understanding about the reason for the 508 TOWs? Did you know at the time the reason --
  - A By this time I did, yes.
  - Q What was your understanding?
- A My understanding is that the Israelis had asked -incidentally, there is an interesting aside on this. The
  Israelis to this day swear they only sent 500 TOWs in
  September. The Iranians counted 508.
- Q Interesting dispute. You think it would be the other way around.
- A Yes. We did supply the Israelis with 508. They asked if we would replace -- that was agreed to. So this shipment included the Hawk spares and the 508 TOWs.
- A Everything starts moving on the date that we get the deposit made in the CIA account.
  - Did you have an understanding or was there anything



1 2 3

5

6

7

8

9

10

11

12 13

14

15

16

17

18

19

20

21

22

23

24

25

#### ITOPASSICRET

45

| discussed at  | this meet | ing about h | ow the mor | ney would get |
|---------------|-----------|-------------|------------|---------------|
| into the CIA  | account?  | What route  | it would   | take in order |
| to get to the | CIA acco  | unt?        |            |               |

- A No. There was no discussion at this meeting.
- Q Did you know or understand the money would go through General Secord.
  - A No.
- Q Did you have any knowledge about whether the money would go through the Israelis?
  - A No. Not at this meeting.
  - Q Let me --
- A In fact, as I recall, Ghorbanifar also took the position that he was raising money through his bankers. In fact, even in May, in London, he said his bankers forced him to take out a life insurance policy, which I thought was rather odd for bankers. In fact, while we were there, he had to take a physical, he said.
  - Q While you were where?
  - A While we were in London, he had to take a physical.
  - Q For the life insurance policy?
  - A Yes. For the life insurance policy.
- Q Let me just ask you a few other questions.

Paragraph 4 of this document refers to -- did you type this at home as well?

A No. I typed that at the office.



TOPASECRET

46

- Q You typed this yourself, I assume?
  - A Yes. I don't spell well or type well.
  - Q Type well, particularly.

But that is okay. Although I am sort of joking, I take it you didn't want things like this to be typed by the secretaries? Or, was it just because you didn't have a secretary?

A A, I didn't have a secretary. The second thing,
I thought this should be closely held. I would type this
up and make copies and give them to the people that should
have them.

- Q There is a reference in here --
- A In other words, that was not in the system.
- Q I understand. I thought maybe one of the reasons you typed it yourself was for a limited close hold purpose.

There is a reference in here to 3,000 Volkswagens about 10 days later.

- A Oh.
- Q What does that refer to?
- A TOWs.
- Q It refers to TOWs?
- A Yes.
- Q "Ghorba pressed for new additions..." I am quoting out of the document. "The new batteries," he said, "were no longer in inventory." What do the batteries refer to?



5 6 7

2

3

4

9

11

12

13 14

15

16 17

18

19

20 21

22

23

p-22

### TOPASECRET

| A Th         | nese were | batte | ries, | I thi | nk,   | used | in | the |
|--------------|-----------|-------|-------|-------|-------|------|----|-----|
|              |           |       |       | 4.    | V 84- |      |    |     |
| mobile radar | •         |       | A 17  |       | . "   |      |    |     |

- Q That actually means batteries?
- A Yes
- Q I had not understood, I don't think, that TOWs were part of this negotiation in April of 1986. Do you recall what was said about TOWs.

A Well, part of it -- whenever we got all of the -- all of the hostages released -- that is at this point in the negotiatins -- we would provide them with 3,000 TOWs.

Q I guess earlier we had promised them a total of 4,000 and delivered a thousand by this time, the February shipment. Did you have any knowledge of that?

A One thousand, five hundred, eight, if you count the Israelis. The Spin ber.



1 2 3

#### WANT ASSIFRED

But I am pretty sure at this meeting he mentioned nothing about --

- Q Central America?
- A -- Central America.
- Q You saw the et cetera at the end of that. I thought maybe it was a reference to Central America.
- A No. I am pretty sure I would have made a note of it.
- Q Let me ask you about paragraph 9 of the same document. It says, "It is still apparent that they have not given much thought to how a continuing relationship will be maintained."

What were you trying to convey? What was it that you derived from the conversation?

A Based on what Ghorbanifar was telling us, what bothered us about this, what bothered me particularly is there didn't seem to be much, at least as reported on the Iranian side, at least as reported by Ghorbanifar, about how a continuing relationship was going to evolve from all of this. I was at that point in history very much concerned

HAS PASSELLED T

about that.

Q Did you conclude from that the Tranians didn't care that much about a continuing relationship or just that they hadn't thought that much about it?

A No. The only thing I can conclude is from what Ghorbanifar told us, that they hadn't really given serious thought about the mechanics of how this would be maintained.

Q Let me just ask you a couple of questions about the mechanics of this meeting.

(CONTINUED ON NEXT PAGE.)

end #la #2 fls

UNCLASSIFIED

4 Q

### UNCIA SSIVIEDET

50

(Discussion off the record.)

BY MR. EGGLESTON:

Q I was asking you about the mechanics of the trip. You and Charles Allen picked him up at the airport, have lunch with him, meet with him in the afternoon.

At what point does Oliver North show up?

- A Late in the afternoon.
- Q Are these meetings taking place at the hotel you indicated?
  - A Yes.
- Q Did any of these meetings ever take place at the Old Executive Office Building?
  - A No, not that I knew of.
- Q Did you -- how long then into the evening or night of April 3 did the meetings take place?
- A Pretty late. We had a late -- Ollie got there late, early -- late afternoon, early evening.
  - Q Around dinnertime?
- A I guess maybe around 5:30, 6:00. Maybe even later than that. We talked for a while, then went down and had dinner and I guess broke up about 11:00, something like that.
  - Q Did you and Ollie leave together?
  - A No.
  - Q Did you leave first or did he leave first or



4

1

2

6 7

8 9

10 11

12

13

14 15

16

17

18

19 20

\_\_

21 22

23

24

# UNDEASSICEBT

do you have any recollection of who left first?

A I don't recall. I think we all left approximately

the same time.

Q What I am wondering is whether Ollie would

Q What I am wondering is whether Ollie would have continued to meet with him after you left or whether you would know if he had?

A I don't know. I don't recall him -- I thought we all left at roughly the same time.

Q Do you see Ghorbanifar then on the 4th?

A Yes. I went out briefly, just to talk to him.

Q Alone?

A I can't remember whether I dropped him off at the airport or not. Yes, I was alone. It was nothing of any great significance.

Ghorbanifar was alone for this meeting, right?

A That's correct. He was on his way out to see his girl friend.

Q Out in California?

A Yes.

Q Was -- the last question about this meeting:
Was there any discussion at this meeting about the
mechanics of the delivery of the parts as opposed to the
timing of the release of the hostages?

A In what sense?

Q Was there any discussion about we have to have --



 the Iranians saying we have to have all the parts before we release any hostages?

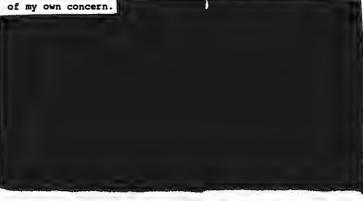
A I think there was something about we wanted the hostages before the parts arrived.

Q Was that left in any fashion? Was that agreed upon with Ghorbanifar?

A I think you have to say Ghorbanifar took this under advisement. I wouldn't have paid any attention to whatever the hell he agreed to anyway.

Q Let me show you one other document and just ask you if you can date this one for me. This is CIIN-165.

A Oh, yes. This is one that I did in April after the Ghorbanifar meeting, just to put some -- some things





### UNOLASSCHOOT

 You know, knowing Ghorbanifar, you have to --

You know, knowing Ghorbanifar, you have to -see, there was a lot of dumb things done. Both Nir and
Ollie North told Ghorbanifar

He is no dummy.

So I was very much concerned you have this

change.

Q I get you.

all we can do is ask him and use a little bit of influence, we don't control them. Then all at once, there is no problem in getting hostages released.

In fact, that came to be one of the reasons
that the trip was okay,
the Iranians can arrange for the release of
the hostages.

Q Did you articulate to anybody your concern

were a set-up for you

guys?

You are talking

hindsight now. Well, this is a good indication that they

INCLASSIFIED.

# TINGLASSIFATED

are going to be released, that we can get them released.

Q Did you have an understanding as of this meeting or approximately this time about how much money -- putting aside how it was going to be financed, and all that stuff, how much money the Iranians were going to be charged for the spare parts?

- A No indication whatsoever.
- Q That was something, I take it, though, that you could have just asked North how much it was going to be?

A I never asked him. In fact, the only thing we ever discussed with North is what it was going to cost him. In other words, what it was going to cost us to release the -- to ship the parts.

Q And I take it by that you mean how much -- what is the cost price, what is the price the CIA --

A The cost, what transportation we had to provide, packaging, stuff like that.

Q You never discussed with Colonel North how much the price he was going to charge Ghorbanifar or how much he was going to charge the Iranians?

- A No.
- Q Was it your understanding he was setting the price?
  - A Yes. Because we gave it to him. He was the one



## UNCEASSIFIEDT

that conveyed the price to whoever he conveyed it to.

Probably Nir, I would assume.



that indicated that the price was around \$22 million?

A Yes, but that didn't come until the 7th of May.

- Q Okay.
- A That was the first alarm that I had.
- Q Okay. All right. You are right. I am looking at the wrong note. That was around the 7th of May. That was after the next meeting?

A I didn't see that until I got back from -
I didn't

see that until I got back from the London meetings in May. The London meetings were the 7th through 10th, 8 through 10 May.

Q Let me -- before we get up to the meeting which

UNCLASSIFIED

1 2

 I think took place around May 6th?

A Something like that. It was the end of the first week in May.

Q Let me just sort of fill in the rest of April.

What did you do? What occurred with regard to this during

April of 1986? No additional meetings I take it took place

during that time?

A No. But we had had the final -- in other words, this shipment was going to be picked up at

It would include the total price was going to be over \$6 million. It would include not only the Hawk spares that were available, that we could get, but also the 508. Tows which would be dropped off in Israel. That was the --there is a lot of confusion in the record over this. I recall when you were over interviewing me, one of the gentlemen from the Senate kept talking about \$4 million. That's an incorrect figure because the figure was over \$6 million that we passed on to Colonel North.

Q Around \$4 million was the price just for the Hawk parts?

A For the Hawks. There is a real lot of confusion on who the hell paid for the Hawks.

Q Do you know who paid for the Hawks?

A I haven't the slightest idea. What complicates the confusion is if you go up to our meeting with



 Furmark on the 22nd of October, when he's talking about, he says the price was \$15 million. Did that include the Hawks? Because at the same time he also says, we are talking -- if you recall, it was \$15 million is what Ghorbanifar and Khashoggi raised to pay for the shipment. They added \$3 million on to that to pay for their expenses and profits and another 2 million bucks for Nir. What that \$2 million was for, God only knows. They owed Nir. So they owed Nir.

The price to Colonel North was over 6 million. It was about 6.3 million.

- Q Because it included more than just the spare parts?
  - λ Yes.
- Q Did you know that that was how much money
  Colonel North was being charged? When I say Colonel North,
  I mean how much money the CIA had to receive before it
  would --
- A Yes. I knew the exact figure the CIA had to receive. Yes.
- Q That became clear then during the course of April?
  - A Yes. By the --
  - By the London meeting that was clear?
  - A Yes. A couple of weeks before that.



# JAVE PASSINE T

58

2

4

6 7

8

9

11 12

13 14

15 16

17 18

19 20

21 22

23

24 25 Q Was availability pretty much established by that time, too?

A Actually more parts became available after the 3 April meeting, because they are being continually manufactured.

- Q Now --
- A The military agreed to give up more.
- Q Let me just get this McFarlane meeting in here. I have now forgotten when you told me. Has that taken place by the time of the London meeting or does that take place after the London meeting?
  - A I think it took place before the London meeting.
- Q Assuming that is right, why don't you tell me what you remember about the meeting with McFarlane?

A The meeting with McFarlane was basically -we didn't talk much about the nuts and bolts. It was
basically to give him our best estimate of what was going
on in Teheran and I gave him some idea of what I thought
the risk factor was as far as we were concerned.

We also took a very recent NIE, National

Intelligence Estimate, and we were -- there were a couple
of other things for him to read.

- Q Where was it?
- A At his office downtown.
- Q > At his office -- not in the White House?



# **WOEASSPRE**T

| 5 | ç |
|---|---|
|   |   |

>

| 1 | ŀ |  |
|---|---|--|
|   |   |  |
|   |   |  |
|   |   |  |

2

3

5

6 7

8

10

12

15 16

14

17 18

19

20 21

22 23

24 25 · · · ·

No. He was out by then.

Q That's what I thought.

A Nineteenth and K. He had an office, a suite of offices.

Q It was you, Colonel North?

A No. myself, and McFarlane.

Q Not Colonel North?

A No.

Q Was there a reason Colonel North did not attend?

A I don't know. He might not have been in the country at that time.

Q How was it that you happened to have the meeting?

A During one of our many meetings with Colonel North, he proposed that we give McFarlane a brief on the current situation in Teheran, bring him up to date. And we called and made an appointment.

Q Had it been decided by the time of this meeting that Mr. McFarlane might be one of the people who attend the Teheran meeting?

A Yes. By that time it had been decided he would head the delegation.

Q It had been decided?

A Yes. It was going to be a three-man delegation.

Q Who was that to be?



| <b>INGFYSE</b> | ORET |
|----------------|------|
|----------------|------|

McFarlane, North, and myself.

There comes a time when Howard Teicher is added to the list?

McFarlane added him?

McFarlane added him? Q

Yes.

Do you recall when that was?

It was shortly before we went, because when -after -- immediately after we returned from London, it was just going to be the three of us.

Let me ask you about the London meeting then which records seem to indicate took place around May 6th.

That's correct. Sixth and 7th.

Who attended the meeting?

It was myself, Colonel North, Nir, and Ghorbanifar.

Was -- okay. And was -- and how long were the meetings? Did they take place on both days?

I think we only had really one significant meeting and that was on the 7th. Because that was the day that Ghorbanifar told us that he had arranged for the financing.

Where did the meeting take place? At the Churchill?

Yes. His suite in the Churchill.



3

2

5 6

7

8 9

10

11 12

13

14

15

16 17

18

19 20

21

22 23

24

# UNOLASSIFIEDT

Q Tell me about it. I understand there was a long discussion of financing and he raised the money. Tell me what you recall about those discussions?

A Well, what became cler to me at that discussion is that he had raised the money and was in the process of transferring it to an account controlled by General Nir and I don't think I knew the -- I got tract figure.

As I recall, that didn't come in account ersation.

and the other asides in the conversation indicated that the deposit to our account, that is the CIA account would be defined a Second -- from an account controlled by General Second -- from an account

about amounts of money? Obviously you know the amount of that had all home posted date for account.

A No. I don't recall. The only think that I recall is Ghorbanifar's claims that he was going to pay 20 percent interest on the money raised from the banks, by his bankers. I don't recall him ever, in my presence, saying how much it was that he raised.

Q Let me ask it this way: By this time you are a little over two weeks to the Teheran trip. You have been now sort of at three of the crucial meetings that had taken place. At least in your hearing no one has ever told Ghorbanifar how much money he's got to come

INCLASCIBLE.

# UNGEASE EET

62

| up | with |
|----|------|
|    |      |

2

3

4

5

7

8

10

11

12

13

14

15

16 17

18 19

20

21

22

23

24

25

A I never found out how much or if North dealt with Ghorbanifar.

Now, I would assume -- I don't want to assume -I don't know who North, whether he told Ghorbanifar
directly or whether he told, gave the price to Nir.

- Q Did you think that North might have been dealing separately with Ghorbanifar over the telephone or times when you were not present?
  - A He could have been.
  - Q You didn't have any idea?
  - A I would not know.
  - Q was there any discussion of the 2 million to
  - Nir at that time?

    A Oh. no.
    - Q During the course of this meeting?
    - A No.
  - . Q When you said it was an account controlledby Nir, was it your understanding that that was an Israeli account or a Nir personal account?
    - A I didn't know. It was an account he controlled.
    - Q Okay.
    - A A Swiss account.
  - Q So I take it by this time you had a general understanding that the money would go from Ghorbanifar to



#### TOPASECRET

.

Nir to Second to the CIA?

A Well, I don't know if it went from Nir to

Secord, if there was any intervening bus stops between the

two.

Q You knew it was going to go from Ghorbanifar to Nir and from Second to the CIA and you figured in some fashion it was getting between Nir and Second but you didn't know what was going to happen in between?

A I have no positive information of how that would take place.

Q Right. Let me just focus once again. By this time, who was going on to the meeting on the American side had become pretty fixed, I guess, although Teicher was added later on. Who did you understand at that meeting you would meet with when you arrived in Teheran?

A By this time, we had an excellent -- Ghorbanifar told us we would meet with the Prime Minister, Musavi; we would be meeting with Rafsanjani; he said -- and also the President, Khameini.

He also thought there was a possibility we might meet with Ahmed Khomeini, the Imam's son, and also with Ayatollah Farsi, who was one of the leaders of the conservative faction.

Q Did you believe as of that meeting that you would be actually meeting with those people or were you



people.

 still skeptical? You personally?

A I had a fair amount of skepticism, because of Ghorbanifar's track record with us. But I presumed the Iranians -- by that time, we determined it was

would not have said this, or would not have conveyed this unless -- although there is nothing really

- that would say we would see some senior

He didn't identify them as I recall. I thought it was worth the risk.

Q Again let me just ask you as of this meeting, what did you understand the sequence of delivery of yourselves, parts, as opposed to when the hostages were going to come out?

A This is my first discussion with in London. I talked to him on the phone. We run into our first major snag and is insisting we bring all of the Hawk spares with us. I told him we can't do that.

And we haggled, typical, like you are buying a rug. Finally, I said, Okay, we will bring a small partion, what we can carry with us on the one plane, given the fuel, which would be about one palmer. He agreed.



|  | ١ |
|--|---|
|  |   |

 happen when you and the one pallet would arrive, that they would all be released?

- A That they would make an effort to release all the hostages. And while we were there, the rest of it would arrive.
  - Q The remaining three pallets?
  - A Three pallets.
- Q And -- okay. But at least there was an understanding that at least the first pallet would arrive along with the delegation before the release?
- A We would be bringing a small amount of the spares with us on the plane. That was clearly understood.
- Q It was not understood, then, or at least -it was clear to you that you hadn't presumed to bring
  half of them?
  - A Oh, no. No.
- . Q Did you talk -- and you spoke at that time directly with
  - A With
- Q Did you speak to him on more than one occasion?
  - A After that, I think I did speak to him.
  - Q I really meant at that meeting?
  - A Oh. No. Only once, Only one conversation.

**\_**82-692 0629

No. But -- but on that same day is when

Ghorbanifar gave him the initial price

Tell me how that happened?

gave

the price of the Hawk spares. I think it was

something like \$20-1/2 million.



Before we get to that, let me make sure I have asked everything I wanted to ask about the meeting itself. The same

Just one more question. Had the pre-meeting been canned by this time? What was the status of whether or not there should be a pre-meeting involved?

Oh, that had been canned in April, by the end of April.

So you would not agree -- this was essentially the pre-meeting?

2 3

4 5

6

7 8

9

10

11

12

13

14 15

16

17

18 19

20

21

22

23

Yes.

to Teheran.

This was the pre-meeting for us all going

The -- let me ask it this way: Although you

were not 100 percent positive, I take it, my recollection is the 240 and the 22 -- 20.2 million,

they look pretty linked

Yes. Also, there were two things. Are the Iranians paying for the Israeli TOWs again? Because, you know, that is -- if you take the total -- I think it was \$6.3 million, 6.4 million for the TOWs and Hawks. That figure, I think it was 21-1/2, wasn't it? Something

| 1 | ike | that |
|---|-----|------|
|   |     |      |

- O I think --
- A Twenty and a half.
- Q That's three times six.

A Six point four, 6.5. That's about three times the price we gave to Colonel North.

Q So at least you were concerned that there had been a fairly hefty increase in the price, although you may not have been 100 percent certain it was because of these other deals?

A Yes.

Q Did you -- who did you talk to? What did you do?

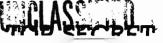
A I talked to He and -- I think I may have also brought itup with Ollie. I think Ollie said he would check -- talk to Nir about it.

Q Let's take these one at a time. What did you and -- what was the discussion you and had about it?

A Well, it was the same thing I said to you, that this seems like a rather large mark-up.

Q How did he respond?

A He agreed. And I think even -- Colonel North was alarmed, too. We didn't want this thing falling through because someone is making exorbitant profits.



11.

| ı | 2 | ) | ١ |  |
|---|---|---|---|--|
| • | • | ۰ | ۰ |  |
|   |   |   |   |  |
|   |   |   |   |  |
|   |   |   |   |  |

 Q Do you recall how you talked to Colonel North about it? Did you talk to him over a secure phone, at a meeting?

A I don't recall whether it was at one of the meetings we had or not. But were very concerned. Then that was fortified when we got to Teheran.

Q Then is it your uncerstanding Colonel North then contacted Nir7

A I can't -- I don't know, in fact, whether he did or not.

Q But did Colonel North --

A We never got a real answer on what transpired.

prior to the trip to Teheran, as far as I can recall.

Why the price was so high.

Q Were you --

A Oh, one other thing I might add. While we were in London, as I recall Ghorbanifar said that he has already spent just on this specific thing \$350,000 of his own money and that he had already on this overture, this operation engaged in, he had spent over a million dollars of his own money.

O Over the total overture?

A Yes.

Q Have you

are you becoming -- are there any bells



3

5

7

10

11 12 13

14

16

16

20 21

22 23 24

25

going off about where this overcharge might be going?

Well, yes, because you know we had

the intelligence on the fact Ghorbanifar

had been arrested. Because of the dates we assumed -

that he and Khashoggi had been trying to raise \$50 million. We said, That's not for us. They could well have been involved in financing the sting operation because they were close

That was the first bell that rung. The other thing is Ghorbanifar just trying to make a lot of money.

- Q There were no bells going off that maybe money was going to Central America, though, I take it?
  - A No.

associates of Cyrus Hashemi.

- Q By this time, did you know that Colonel North -- I asked you as of March.
- A By this time I knew that you cannot be around Colonel North very long without learning a lot about the contras. He was very proud of the private effort to keep the supply lines open to the contras.
- Q This is probably as good a time as any to ask you what he told you about that.
- A Not so much in specifics, except that he was proud of the fact he was able to keep a force of contras in -- you know, that he had played a role in the effort

MILAGENTELM

# UNCEASSICIETET

of raising private money from private individuals to keep the contras supplied for the two years that there was no official funds available.

Q Did he ever talk about his -- about his logistics support, about establishing resupply operations to keep the munitions?

A Not any of the specifics. He never mentioned an airfield here, or anything like that.

Now, the only way -- and I found out about it -- I knew he was involved, for instance, when the plane went down. I saw it on German television first and called him. I said -- I don't know if this has anything to do with you, but there's a plane that's been shot down in Nicaragua.

- Q What did he say?
- A He said, yes, it was. Then he got -- then he --
- Q You were in Frankfurt at that time?
- A Yes. Frankfurt.
- Q Did he -- was it clear to you that he was involved in military resupply of the contras?
- A I didn't know what kind of supply it was at the time. Whatever knowledge -- I and my wife were -- see, my wife and I went on vacation, a misguided vacation the end of September. We got to spend about three or four days in Rome and got called in

UNCLASSIFIED

# UNCHASSECRET

told to go to Germany. We have German grandchildren anyway.

We were sitting in the room getting ready for dinner when I saw on German television that a plane had been shot down, a C-123. I called him and said, I don't know if it has anything to do with you or not, but there's a C-123 shot down over Nicaragua. He confirmed, yes, it was.

Q He indicated it did have something to do with him?

A He said he thought it was one that might have been one that he was involved with. He wasn't sure at that time actually.

UNCLASSILIED...

end 2 emm #2a magl

# TOPASECRET

73

| 1   | Q Did he ever mention Project Democracy to you?          |
|-----|--|
| 2   | Did he ever mention it by that name?                     |
| 3   | A Yes, he referred to Project Democracy.                 |
| 4   | Q What did he  |
| 5   | A The first the way it came up is the airplane           |
| 6   | that took us in not took us in, but flew us from Dulles  |
| 7.  | to to was Democracy Airlines or something to do with     |
| 8   | Project Democracy. That is the first time I ever heard   |
| 9   | about it.  |
| ٥   | Q And is that what it said on it?                        |
| 1   | A No, it didn't say much of anything.                    |
| 2   | Q He told you it was one of his Project Democracy        |
| 3   | airplanes?   |
| 4   | A He said this is Democracy Airlines. He just            |
| 5   | laughed. That was all.                                   |
| 6   | Q Let me get back did you discuss with there is          |
| 7   | one other person I didn't ask you about. Did you discuss |
| 8   | with Charley Allen I take it you probably                |
| 9   | did.   |
| 0   | A Oh, yes. Charley and I used to discuss                 |
| n   | at great length.   |
| ا ب |  |
| 2 1 |  |

0

Yes.

He similarly agreed it was likely that was the

24

mag2

# UTOPASSIC RET

amount Ghorbanifar was charging for the 240, but you couldn't really tell for sure?

A The problem you get into with Ghorba -- he was

involved with so many arms deals with them.

different deals, but even that seemed to us that the amount he was asking did in some way -- did include -- we knew it did include the Hawk spares.

If that was all it was for. That was an awful lot of money.

- Q Did that cause you any operational security concerns about your trip to Tehran? Did you have any concern that that price was going to cause you a problem?
- A My concern was the egregious overcharging, that it could queer the whole deal with the Iranians.
  - Q And it might queer it with you sitting in Tehran?
  - A Yes. I wasn't that much worried about that.
  - Q You were not?
  - A No, because the Iranians realized they were dealing with Ghorbanifar.
  - Meaning that they also knew that there could be overcharges and it might not be that much surprising to them?



### TOTASECRET

A Yes. I had a lot of private discussions with the Iranian side in Tehran over there.

 $\ensuremath{\mathtt{Q}}$  . Let me get to the preparations for the trip to Tehran.

Generally, what kind of logistical preparations were there involved? You must have had to get passports, arrange for the flights, clearanaces, all sorts of stuff.

A Actually, I didn't have to do much of anything.

We had people that took care of that. I took charge of the

passports. I carried all the passports with me.

There were other things I had to do that I was

concerned about, and with Charley Allen

Q Did ---

A Incidentally, that was one of the key reasons why a decision was made to leave, is because

did not give any indication that there was any motion on the hostages.

Q This is --

A While we were in Tehran.

Q Let me ask you, at this time, did you know

WALL ASSET

UTOMSE CRET

General Secord was going to have a role in providing airplanes and getting you from one point to the other?

- A By the time we went to London, I knew that.
- Q Could you describe just your flight path from the time you leave Washington, what airlines is involved, until the time you arrive in Tehran?

A I forget the exact date it was we left. We left
Dulles and we flew via Executive Jet, stopped at
to refuel, and went on to

Q Who is on that plane?

A McFarlane, myself, Howie Teicher, and the two CIA communicators.

Then we get to we rest on the ground there because of the clearances they have and the time that we have to arrive in Israel.

Then we take our proprietary from to

Tel Aviv. On that flight are the two communicators, myself,

McFarlane, and Howie Teicher.

Q Okay.

A We arrive at the crack of dawn in Tel Aviv. We are met by two -- by Colonel North and two Israeliss from Nir's office who get us through everything and into a hotel room without having to check in, etc., etc.

We work during that day about setting up a commo base in the hotel and resting. We have dinner in the

MINTHOS TO THE

mag5

TOPASS FABT

evening and then take off for Tehran. The flight route from Tehran, of course, is all the way down the Red Sea, around Socotra, the Gulf of Oman, and make landfall at Bandar Abbas. That is on an Israeli aircraft, an Israeli 707. That was McFarlane, myself, Howie Teicher, Colonel North, Nir, and one communicator.

- Q And then you arrive where?
- A At Mehrabad airport.
- Q You arrive there on the morning of the 25th?
- A I believe it was the morning of the 25th; that is correct.
- Q Did you -- just to cover this -- see General ?
  Secord in Tel Aviv?
  - A Yes.
  - Q What was he doing in Tel Aviv?
- A He was in -- he was at the hotel when we arrived. He introduced us to the air crew he had arranged. They left. We had a brief meeting on how things would work out. He was sort of going to be our man in Tel Aviv while we were in Tehran and would interface with our communicator there.
- Q Did you ask the reason they were using General Second as opposed to a CIA man or somebody affiliated with the government?
  - A This was always considered to be a NSC operation.



2

3

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

The only conclusion that I can arrive at is that Ollie North relied very heavily on Dick Secord. They were very close friends.

78

Did you have an understanding of what Secord's job was or what he was doing for a living, whether he was getting paid out of this, just what his role was? He was retired by this time.

Oh, yes. He was retired and I went under the assumption he was doing some sort of -- he was a consultant of some sort for the NSC for Ollie.

By the time we went to Tehran, I was pretty sure that he was heavily involved in the private financing of the effort to get support for the contras.

- You were aware General Secord was?
- Yes.
- What did you think that entailed as of that time?
- Α I had no idea what the details were and wasn't concerned. We didn't really -- I didn't see very much of --
  - Q Of Secord?
  - -- of Secord.
- Did you have an understanding he was involved in sort of the mechanics down in Central America as well as the private fundraising?
  - what the details were.

mag7

# UNBEASSIFIET

I assumed that he was involved in the -- had some role in the raising of the funds and also in arranging for shipment.

- Q Did --
- A I couldn't give you any -- I have no idea of what the details were.
- Q Did he strike you as Ollie's commander in the field down in Central America? Was that the relationship?
- A No. I never got that idea. I know that he was heavily involved in getting air crews.
  - Q For Central America?
  - A Yes.
- Q By this time, had you heard of the account Lake Resources?
  - A The what? No.
  - Q You had not?
- A I never heard of Lake -- the account for Lake Resources until after all this in the press.
- Q Let me show you some CIIN 164 so we don't have to pick your brain too much about the trip.
  - A This is my account of it.
- Q Instead of asking you to review everything about that trip, I take it this account is a fairly complete recollection of what happened?
- A Well, part -- when we were in Tehran, I did an awful lot of translating. When you are translating, you



mag8

#### TINALASSURET

| don't really recall well, because you are concentrating on   |
|--|
| translating. So, this is not really a complete account.      |
| This is what I can recall of the discussions I was involved  |
| in really when I wasn't concentrating on all the translating |
| Some of the times Charbanifar you can't after                |

Some of the times Ghorbanifar -- you can't -- after a couple of hours, you get groggy. Ghorbanifar would then translate.

- Q Let me ask it this way: is this about as much as you recall today about those --
  - A More.
  - Q Probably more?
  - A Yes.
  - Q Okay.

Before I get into the questions about the trip, had Hakim resurfaced by this time as someone who was involved in this at all?

- A Whatever involvement he had, I knew nothing at this time other than the two phone calls.
  - O The two --
- A And the fact he had been used as a translator.

  In fact, I thought was pretty much out of it.
  - Q You did?
- A Because one of the reasons they wanted a U.S. citizen as translator --
  - One of the reasons for you getting involved was to

### **IMPRASECRET**

get --

 A To get the Iranians out of it.

Q Was there an attempt then -- were those phone calls Hakim placed part of an attempt to remove Ghorbanifar from the operation? Was that the purpose behind it?

A I think -- I don't know why the calls were made.

I was only given -- to translate them. You can surmise from what transpires in them that it was an attempt to go -- that is apart from the Ghorbanifar channel to try to convince -- through another channel to convince the Iranians that we were sincere and would do what we said we would do by Ghorbanifar.

 $\ensuremath{\mathtt{Q}}$  Let me ask one last question before I get into the guts of it here.

Had the date that you all would be traveling to Tehran -- how far in advance of the time you actually arrived had that date been set up, if you recall?

When I say "set up" I mean set up with Ghorbanifar.

A This kept changing on a daily basis, because we couldn't set the date until we got the deposit in the CIA account.

I think that was on the 16th of May.

Q I think that is right.

A Then we were able -- we figured we needed about a week. Then we were able to set the precise date that we would arrive.



# UNCEASECRET

82

| 1  |
|----|
| 2  |
| 3  |
| 4  |
| 5  |
| 6  |
| 7  |
| 8  |
| 9  |
| 10 |
| 11 |
| 12 |
| 13 |
| 14 |
| 15 |
| 16 |

Q Is it your recollection that Ghorbanifar then was contacted shortly after the 16th to say we would be there around the 25th or whenever?

A Yes, because he determined his departure on ours. He was in Tehran when we arrived.

Q It was not your impression, though, that you had only recently told him of when you were going to be arrived in Tehran? It was not a hurry-up trip?

A Oh, no. We had told him. He was well aware that until we got the money in our account, we could not give any precise dates, but that as soon as we got it in our account, we could.

Someone called him. I don't know whether it was Charley -- to tell him, "Okay, we will be coming."

Q It was also clear to him it would take about a week to ten days after the money was deposited?

A We said seven or eight working days, because it would take us that much to get the ship to get the material in place in Israel.

Q Do I take it that you got about -- that on the plane that arrived, you said you took one of four pallets.
You about 25 percent of the parts with you on the plane?

A It was actually less than that. We took the small pallet.

24 25

17

18

19

20

21

Q Let me just ask you some specific questions about the meetings, because for the rest of it we can pretty much rely on that for your recollection.

When you first arrived -- and as I understand from reading that, there is some delay before anyone actually comes out to meet you, which must have surprised everyone -- at what point do you realize the hostages are not about to be released, despite the fact that the delegation and the parts have arrived?

A Our initial meeting that afternoon -- because the Iranians tell us about the enormous problems they are having and they go through a long list of conditions that the captors have placed on the release of the hostages, and it it also pretty clear to me at this point the Iranians don't have control of the hostages and are going to have considerable difficulty getting control of them.

Some things were pretty bleak. The Iranians were kind of hostile. In fact, the guy that they brought who was sort of their spokesman, whom we never have identified to this day, was really pretty negative.

So, the American delegation was -- we were pretty bleak after the first days, the first afternoon's meeting. But things warmed up after that.

What came out of all the discussions was that the Iranians were pretty sure that they could get two hostages

mag12

#### INOPASSECRET

released, using their influences, and they were very anxious that they would consider the deal for two hostages and the Hawk spares, and then they would work on getting the other two, and then any other subsequent shipments would be based on their being able to release the other two.

But at the same time, they wanted to continue the dialogue.

One of the bases for us packing up and going was that McFarlane had given an ultimatum. It was early in the morning of the day at left, saying — they had asked — the head of the Iranian delegation asked if we can get two released, we think we can, will you give us some time, and so he only gave them until — I think it was 7:00 o'clock the following morning, because we had gotten the message that there were no — there was no indication

that there was any motion on the hostage issue in Lebanon.

The following morning, when no one showed up, including Ghorbanifar -- funny thing -- we decided to leave.

and the Rev Guard guy showed up, and we told them we were leaving.

We packed up everything and marched out of the hotel room. He arranged for cars. They took us -- fortunately, about 2:00 in the morning they started refueling the aircraft.



### INDEASE CRET

So, we were able to take off. But I was the last one on the plane. I talked to the two Iranians. They said that they really weren't prepared for us.

Why, after all that had gone on -- I don't know

Why, after all that had gone on -- I don't know whether you can blame it on Ghorbanifar or what. One of the things that came out during the meeting, they showed me all kinds of documentation from Ghorbanifar. He was lying to both sides. He had painted this to the Iranians as the beginning of a long-standing -- a new arms relationship with the United States that included Phorn wissiles, aereal cameras, spare parts for the helicopters, Spare parts for the helicopters.

- Q Have you read this morning's Washington Post?
- A Yes.
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{Did}}$  you read the story on page 1 about Colonel North?
  - A Yes, I did.
- Q Just so the record is clear, the story reports, as I recall now, that Colonel North early in the morning of the day you left struck his own deal with Ghorbanifar, ordered the planes to arrive with the rest of the parts, and that he either woke up or when McFarlane woke up, North told McFarlane what he had done, and McFarlane countermanded his order and said that they wouldn't do that.

Is there are truth to that Story?

TOASECRET

A Not that I know of. The plane never left the ground.

- Q So you think that story is not true?
- A Not true. It sounds like part of what -- see, the deal that we -- as I was just telling you -- and McFarlane had been briefed on it, too. He agreed, yes, if he can get two out, okay.

And also, Ghorbanifar and I were involved in writing the seven-point -- you probably have a copy of it somewhere. I can't recall them offhand -- the seven points. We translated that into Farsi. That was sort of the final thing.

Q Let me just finally ask you about that conversation or the meetings that you had.

There comes a time, as I understand it, during the course of those meetings when Ghorbanifar makes reference to you about the price of the parts.

- A Oh, yes.
- Q Do you recall --

A This is very interesting. Why, he approached -Ghorbanifar said to me, "I want to talk to you." We went
out in the hall, because he knew the rooms were bugged.
He said, "They are going to ask you about the pricing, and
the pricing -- the price is going to be \$24.5 million."
He says, "It is all right. Tell them it is all right,

s all

mag15

### TOHSECRET

because it includes other things, other expenses that came up during the course of this, and there is other material in there. You have to say it is okay."

So, I immediately talked to North. I said, "What is this on the \$24.5 million?"

He was shocked. So, we called Nir. And we had a three-way conversation in which Nir said, "Look, they owe for other things." We went through a long song and dance about all the expenses Ghorbanifar had up to this. In fact, he had to pay a large amount of bribes to a whole raft of people and that there was no monkey business; the \$24.5 million was the correct price.

So, we stuck with it.

Q Did they ever -- did the Iranians ever ask you about the price?

A Yes.

Q What did they -- how did that conversation come up? What is it that they said to you and what did you respond?

A I basically said, "You know, I am not really -I don't know anything. I am not a military man. I don't
know anything about the logistics, the pricing of these
things. You have to talk to the businessmen."

Q What was the question they asked you? How much was this going to be, or why is it \$24.5 million?



# MOPASSCRET

A Yes. It was -- is this accurate?

I said, basically, "I assume it is. We can't sell you these things direct. We have to sell them to the -- the military sells them to the middlemen at commercial prices."

They didn't raise any big stink at that time. The thing that they did raise is that the head, the senior Iranian, got me aside and showed me letters Ghorbanifar had written, giving them all this stuff that we had never heard about. We only have a copy of one letter and that we got from Nir on a letter Ghorbanifar wrote on the 8th of July, after the fact, in which he made all kinds of ridiculous promises to them.

But there were three separate letters which I thought we had copies of. But I could never find the damned things. They were very interesting, because they -- it is clear Ghorbanifar was telling the Iranian side one thing and us another. Ghorbanifar was presenting it to them as a big deal about what the American side was prepared to do.

- Q The \$24 million figure -- whatever the figure was --
  - A Twenty-four and a half.
- Q Twenty-four and a half? What was it your understanding that that included as of that time? Just the Hawk parts?

A I don't know.



4 5

# **HOPASEGRU**T

The way Nir said, he said, "Hey, look, that includes other things. They owe him for other arms shipments he is involved in. He is trying to bring all the accounts up square. It is an accurate figure."

He was vouching for Ghorbanifar. He said, "It also includes bribes that he was forced to pay."

Q Did you have any further discussion with Colonel
North about this figure? Is is now -- this figure is
getting to be pretty close --

There was this

conversation.

Was there any further conversation with North about this figure of \$24 million? What is going on here? This is going to be a real problem if we are going to charge this much money?

A One of the things we decided is that the thrust of the conversation was that Ghorbanifar was knocking down an awful lot on the deal.

One of the things that was considered -- I don't know whether we talked about this in Tehran or later -- is if we do any other deals with Ghorbanifar, we tell him precisely what he can charge -- you know, a reasonable profit -- and tell the Iranians the same thing.

- Q This was a conversation between you and North?
- A Yes, subsequent to that.



mag18

PASECRET

9.0

|   | l |   |  |
|---|---|---|--|
|   |   |   |  |
|   |   |   |  |
| ۰ |   | þ |  |

o

Was --

3 4 5

6 7

8

9 10

11

12 13

14 15

16 17

18 19

20 21

22 23

> 24 25

|    | .A    | I  | don' | t | know | whether  | we | talked | about | this | in | Tehran |
|----|-------|----|------|---|------|----------|----|--------|-------|------|----|--------|
| or | right | af | ter. | 1 | can' | 't recal | 1. |        |       |      |    |        |

Let me make sure that is everything I wanted to ask you about the Iran trip.

MR. PEARLINE: Could we take a couple minutes break?

MR. EGGLESTON: We are going to have to have lunch at some point, because I am not about to end.

What I was going to do is get you back -- we can go off the record.

(Discussion off the record.)

MR. EGGLESTON: We can go back on the record.

BY MR. EGGLESTON:

- Mr. Cave, have you read the Tower Commission report:
- Yes, part of it.
- There is a reference in the Tower Commission report to Colonel North on the tarmac telling Bud McFarlane about the diversion of money to the Central American contras.

Do you recall that in the Tower Commission report?

- I recall it in the report.
- I was going to ask you did Colonel North say anything like that to you.
  - А No.
  - And I take it you did not overhear Colonel North

# UNTERSECTE

say that to McFarlane on the tarmac in the Tehran airport?

A No.

Q then you leave Tehran in the early morning hours -I guess it turned out not to be the early morning hours,
on the morning of May 28?

A It was about 9:00, 9:30 by the time we took off.

Q How long did it take you to get back to the United States?

A It is a long flight. We didn't get back until the evening, early evening, because it was an ll-hour flight, ten and a half hour flight.

The communicator and McFarlane and Teicher and North immediately went over and boarded a Lear jet that Second arranged for them, so they could fly directly back to the United States.

I have degenerative spinal disease, so I decided to stay a night in Tel Aviv. So, I had dinner that night with Nir and his wife and then flew back the next morning.

Q Did you have any more discussion with Nir during .
that dinner about this financing problem?

- A No, because his wife was not aware of anything.
- Q Was she aware he had gone off to Tehran?
- A No.
- Q Are you married?
- A Yes.



1 Was your wife aware you had gone off to Tehran? 2 No. 3 And how long -- you arrived back in approximately 4 24 hours later? 5 Yes. I got the TWA flight out of Tel Aviv the 6 next morning. 7 And when you arrived back, how long is it after you 8 get back before you report in to the office or wherever to 9 brief somebody on what had happened on the trip? 10 11 day after. I came in and saw Casey, gave him a rundown 12 on what had transpired. I talked to a couple other 13 people. 14 impressions of the trip? I assume you had conversations with 15 North. Did you ever brief Poindexter? 16 17 that. It was just a where-do-we-go-from-here type of 18 19 thing. Did you ever brief the President? 20 21 the NSPG meeting. 22 Q November 24, 1986? 23 Α Yes. 24 25

It was -- I don't know if it was the next day or the Did you brief anyone at the NSC about your We had a meeting with Poindexter some time after I did not see the President until November 24 at Had you met with Poindexter prior to the trip?

#### TOPASEGRET

1

Yes.

2 3

On how many occasions?

4 5

I met Poindexter before he came -- before he replaced McFarlane. It was to give him my impressions of the Iranian exiles. It was completely different.

6 7 Then I think I saw him once before he went in.

8

There was one meeting.

9

Do you recall how much it was prior to the time that

you went in to Tehran?

10 11

What was your impression of his view of the trip?

It was shortly before we went in.

12

He seemed to be a little bit concerned about the

13

security of everyone that was going in. So was Casey.

14 15

In fact, Casey told me at one point, "The decision to go in is yours." He asked me, he said, "Look, I want you to give

16

this serious consideration, because if you decide -- and you

17

know better than anybody else -- that there is a great deal

18

of risk in this, I will call up the President, and we will

19

cancel it."

way, are not too great."

20 21

I said, "No, I thought about it, and I think that there is certainly some danger involved, but I think the

22

chances of us being really harmed there, of being in harm's

23

In your meeting with Director Casey after the trip,

24 25

did you give him your conclusions about the trip, what had

### INVERSHIELET

been accomplished, where you should go from there?

A I was a little more upbeat than the rest of the people on the trip. I was more upbeat not -- in hindsight, it turns out they were looking at different things. I was upbeat because the Iranians seemed sincerely interested in maintaining a dialogue.

I told Casey it was my conclusion that no matter what happened, we were only going to get two more hostages out at the most. Two more, I think we can count on. Maybe another one, a third one.

I thought if we kept this up, we could get two more out, two hostages out, which is what we got.

Q Did you think -- did you give the conclusion that you thought that you should continue with Ghorbanifar as the intermediary?

A No. I thought we should definitely -- I have always been, of course, against Ghorbanifar as an intermediary. Granted, other people had reservations that to get rid of him may be more dangerous than to keep him. He would certainly try to get even with us for quering a good deal that he thought he had.

Q There is -- after the meeting -- and this will be the last question I ask before lunch -- after the meeting there is a long -- after the meeting in Tehran there is a long period of time before the hostages are released.



# UNIX ISECRET

Are there meetings during that time about whether or not to close down the entire operation?

A I don't know about closing it down.

During this period, most of the action is undertaken by Nir in concert with Ghorbanifar. That culminates in our meeting in Frankfurt which precedes the release of Jenco.

Q Has your contact with Ghorabanifar dropped off substantially by this time?

A Yes.

What has happened is, you know, this is the period when I get all these calls from complaining about the pricing of the stuff.

Q Let me pick that up after lunch.

MR. EGGLESTON: We can go off the record.

(Discussion off the record.)

(Whereupon, at 12:20 p.m., the deposition was recessed, to reconvene at 1:30 p.m. the same day.)



#3

CANERASSIAN

s 1

#### AFTERNOON SESSION

1:35 p.m.

Whereupon, GEORGE W. CAVE, having been previously duly sworn, resume the witness stand and testified further as follows:

THE REPORTER: You are still under oath,  $\operatorname{Mr}$ . Cave.

THE WITNESS. I figured that.

BY MR. EGGLESTON:

Q Mr. Cave, at the time we broke for lunch, we had just finished the trip to Tehran in late May and the immediate reaction to it and your meeting with Director casey about it and the reactions and discussions with him. The next thing I want to talk to you about is your conversations that I think you had with beginning really in June of 1986. I think some of those conversations deal with pricing issues.

Maybe it would make it easier for you if I put CIIN 515 and -- why don't I give you -- I will start with 515.

A Okay.

Q Is this -- there is really, as I can tell, at least from your memorandum, there doesn't appear to be -- the fight over the prices is not really discussed?

A This doesn't come up until later. This is the 13 -- I think the first conversation where he complains

MCLV SCALED

about the pricing is on the 20th, isn't it?

97

m2

1 2

3 4

5 6

7 8

9 10

11

12 13

14 15

16 17

18 19

20

21 22

23 24

25

I don't know that I have a note of one on the 20th. That could well be.

Yes. After the -- you have another one attached to this.

Is that a different day?

This was based on a speech. This is something based on a speech Rafsanjani made.

- Are those not connected items?
- They are not connected.
- Why don't you just rip them apart. Otherwise, I will confuse myself.

Let me just say a brief word about this. After we come back from Tehran, whatever movement there is is between Nir, Ghorbanifar, and the Iranians in Tehran. Now when we refer to our friend, that is Ghorbanifar. It wanted to talk directly with is quite apparent that me to see if there was any -- if it was really worth while pursuing this. This is the first conversation.

That is what I was going to ask you. Is this as best you recall the first conversation you have after getting back?

Because I think Ghorbanifar provided the And I phone numbers called him because - this was based

## THYELASSIFIED

m3

1 2

on a request by It was passed through by Ghorbanifar.

I had the one position that I had taken is before we do anything else, we would want to have another talk with the Iranians. I didn't think we should go ahead with the deal until after we could talk with the Iranians.

- Q By the Iranians, who are you referring to?
- A In this case, we are referring to Such dialogue as would remain would remain via the

That is how we left it when we left Tehran.

- Q This to me, 515, appears to be not -- does not represent much advancement over Tehran. It seems to be substantially the same positions as they have set forth?
  - A. Yes.
- Q Had you at the Agency made decisions to continue the contact even though no hostage had been released --
- A I didn't do anything without coordinating it with Colonel North. In other words, as far as we were concerned, he was still the point man in the operation.
- Q Let me just ask you how often did you meet with the Director about this? Was he -- and I don't know exactly how to ask the question. Did you have fairly regular meetings with him personally about the project and the progress of the project?
  - A Not so much during this period. There were a



m4

2 3

4 5

6 7

8 9

10 11

12

13 14

15 16

17 18

19

20

21 22

23 24

25

couple of meetings. But once we had the meetings with the new channel, I saw him very often.

- But between the time you get involved in March and the time of the new channel, the meetings are not very often?
  - There wasn't that many of them.
  - Is he generally supportive of this operation?
- Is he enthusiastically supportive? I am asking about the time before the second channel?
- Oh, yes. He wanted -- strongly believed we needed some kind of strategic dialogue with Iran.
- I take it -- this is getting way ahead -- I take it from prior conversations with you that you were being more enthusiastic once the second channel is established?
- Yes. Because we are talking to people then who, it is quite obvious, they are going to -- that there are responses and definite -- there are definite proposals made. We got no -- despite all the haging the west on in Tehran, if you talk about definitive things the Iranian side was going to do, it was very little.
- The next document I have is 592 and -- I don't know that you need to review it, but I just wonder if this is the next conversation that you had? It is a transcript p is June 17 of 1986. of a conversation

# UNCPASSIFIED T

m5

|       | A    | Yes.    | This  | is a  | follow  | -up of | the   | other  | one   | in  |
|-------|------|---------|-------|-------|---------|--------|-------|--------|-------|-----|
| which | base | ed on i | nstru | ction | s, aft  | er tal | king  | with 1 | North | , I |
| kept  | ad   | lhered  | to th | e vie | w that  | we wo  | uld d | lo eve | rythi | ng  |
| accor | ding | to the  | prog  | ram w | e wrote | e out  | in Te | hran.  |       |     |

- Q Let me just get back to 515 for a second. I note at the end you indicate once again that you have doubts that the Iranians have control over the hostages at all.
  - A That is this one?
  - Q Actually it's the last several words of 515.
- A Oh, yes. Because one of the things we had told them before we left is if you want this deal to go through, they better get control over some or all of the hostages.

  From the way he talked when I brought this up in this conversation, I sincerely doubted that he was telling me the truth.
- Q Did they -- the Iranians -- did they essentially admit to you in Tehran that they did not have control over the hostages?
  - A Yes.
- Q That they could exert influence but didn't have the ability to snap their fingers and order release?
- A They had a person or persons over there with whom they were in contact; and the way they put it to us is that they thought that they could get -- were pretty sure they could get control over two, but it would be a very time



m6

consuming process. It was at the Tehran meeting where the real problem with the captors emerged, i.e., the 17 Dawa prisoners in Kuwait.

- Q It was at the Tehran meeting when that became one of the bargaining --
- A Very clear. Realizing that we could go so far and then nothing -- nothing could happen with regard to the hostages until the Dawa prisoners issue was cleared up.
- Q The next memorandum I have of a conversation that you had is number 516 and it refers to a conversation on the 22nd of June. A moment ago you mentioned a conversation on the 20th.
  - A It could be the date. I can take a look at it.

This is the first indication. This is why he is urging me to contact the merchant. The merchant refers to Ghorbanifar. To contact the merchant to get the details.

- Q Is this then the first conversation where he begins to express concern about the pricing?
- A Well, I am talking about hindsight. That comes out later. This is why he is saying contact the merchant.
- Q There is just one specific question I wanted to ask you about this one. In paragraph 2 of this document, which is again 516, it says "He pointed out that the previous release of the one person returned for the one thousand had not left them in good order as the one



# UNCHASTE CIBILET

m7

thousand were not that important and they had to return the other materials."

What is he referring to, the one thousand?

A I assumed that he was referring to the one thousand TOWs delivered in February.

Q Right.

A But that doesn't make sense. There is nothing released for. The other things were the HAWK missiles that the Israelis delivered in November that were all returned.

- Q I take it all the references to four million and two million, those are referenced to the hostages?
  - A Yes.
- Q But your understanding at the time was he was talking, when he talked about the 1000, he was referring to the TOWs?
  - A Referring to the TOWs.
  - Q That is what I assumed as well.
- A But he may have been referring to the -- just made a mistake in the number and meant the original 500 which precipitated the release of Weir. He may have got the numbers wrong. He's not very bright.
  - O He's not?
  - A No.
  - Q Is he the one whose breath could curl --



m8

 A It was awful.

Q Was that him?

A Yes.

MR. WOODCOCK. For the record, it should be clear that that is a reference to a breath that would curl a rhino hide.

BY MR. EGGLESTON:

Q You indicated a couple of times, and I have not asked you any follow-up questions that the people actively engaged during this time was really not you and people at the Agency but the people who were active were Ghorbanifar and Nir?

A Oh, yes. During this period. They were the ones really dealing with the Iranians.

Q How did you know they were doing that?

A Because there were calls from Ghorbanifar and Nir and I think to both Charlie Allen and Colonel North and I think North saw Nir at some point during this period.

Q I have been generally asking you about June of 1986. You think June or July?

A I can't remember when Nir saw the Vice President.

I don't know what that date was.

Q That was June 29th -- excuse me, July 29th.

A July 29th. Leading up to all this is that Nir was working very hard with Ghorbanifar to keep this thing

UNPPASSIFIET

m9

 going.

Q Do you know who Nir was dealing with on the Iranian side, just

- A But via Ghorbanifar.
- Q I remember from the last time we talked that you stated that after Ghorbanifar's arrest in late April he had begun to have some financial problems and that the Iraelis might have been helping him financially?

A Nir might have. That may have been what the reference to the \$2 million was in the 22nd of October meeting with Furmark. I don't know. We suspected Nir was involved financially with Ghorbanifar. For what reason -purposes, I don't know.

Q Was he still financially -- he meaning now

Ghorbanifar -- still financially hurting at this time through
the summer of 1986?

- A Yes.
- O The next memorandum --
- A I think you see an enormous amount of complaints. Now they paid him at some point in June, which he confirmed, 4 million bucks.
  - Q Four million?
- A Yes. Then you get -- there is a conversation between I and on the 27th of August in which he assures me they have settled all their outstanding accounts

# UNCEASSIFIE

105

m10

2 3

1

5

6 7

8 9

> 10 11

12 13

14 15

> 16 17

18 19

20

21 22

23

24 25

Was the \$4 million that he was paid the money for the HAWK parts that had been delivered in May?

said yes, but Ghorbanifar said no. He said only \$1 million of it was for the HAWK spares and \$3 million for another deal.

- A deal unrelated to the United States?
- Unrelated, yes.

with Ghorbanifar.

Did you ever decide who to believe in that one?

No. Well, the Iranians were actually -- one of the sort of amusing things is both the new channel -- they told us they so confused about all the deals that they had negotiated with Ghorbanifar that even they... So based on the separate meetings here in Washington, I urged them to put some accountants onto it, which they did. They said they had a team of accountants at, I think, the end of October meeting they told us it was worked out.

Then the figures were given to us on 7 November that, yes, they did owe Ghorbanifar another \$10 million. But the way they calculated, he also owed them an additional thousand TOWs and they would be willing to discuss it with him.

It was very interesting that Furmark proposed letting him sell a thousand TOWs to the Iranians as a way of getting out of

# WHATE ASSUFED

m11

1 2

| ¥ | recruid | GHOLDGHILLGI |
|---|---------|--------------|
|   |         |              |

Tatting Chorbanifar?

A Yes.

Q How was he going to get the TOWs? From us?

A I guess.

My notes reflect there was

around June 20th which indicated some very specific prices with regard to the amount that the HAWK parts had

cost. Do you have any recollection of having seen that?

A That might refer to the Iranians got hold of these Department of Defense microfiches which list prices but are not really published for the purpose of price. They are published to get the serial numbers and descriptions correct for ordering them. I think that is what they are referring to.

Arguing with Ghorbanifar, hey, look, according to the Department of -- documents we got from the Department of Defense the price of these items is only such and such and you charged us six times as much.

Q Let me show you a memorandum of a call with on June 30. It is CIIN 517 which is a call where there was a lengthy discussion about -- as you say -- "continued to harp on the price of 240 items."

Does he have the microfiche by the time of this conversation?

A Yes. He kept insisting and I kept telling him

# UNCEASSICIEDET

107

m12

2

1

•

5

7

.9

10

12

14

15 16

17

19

20 21

22 23

24 25 that we had to sell them to a middleman and he had to deal with a middleman on the pricing. There was nothing else I could say.

See, here I think this is the first time the microfiche comes up in our conversations. No. It came up once before. That is right. I said well, if you have it, send it. And we eventually got it, but even much later than this.

- Q You eventually received his copy of the prices?
- A Just part of it. Then we were able to identify what it was he was talking about.
- Q Did you identify where the price list had come from?
- A Yes. It is the Defense Logistics Agency in Battle Creek, Michigan. They print these things and send them all over the world.
  - Q So it is not any kind of a secret item?
- A No. At least, I can't -- I wonder why they were sent to Iran or how they got them. But actually they are not -- they are not specifically for pricing. There is a cover sheet which says these are to be used primarily because the pricing of any item is based on the replacement cost to the U.S. military. Unless it is going to be excessed.



m13

2

.

5

7

8

10

11

12

13 14

15

16

17

19

20

21

22

24

25

| A         | Yes. I think you know, it is very difficult    |
|-----------|--|
| for me    | the explanation that I got, which we tried to  |
| later use | with the new channel, was that the price was a |
| manufactu | ring price the manufacturer's cost. Whether    |
| that is t | rue or not, I don't know.                      |

Q I am sorry?

A The price on these microfiches was the manufacturer's cost.

- Q How much after this conversation did you actually receive the list, if you recall? This is late -- last day of June.
  - A Sometime in July.
  - Q Sometime in July?
  - A Yes.
- Q This conversation, probably at least by now, you are pretty well focused.

You are focused the Iranians

believe they paid \$24 million or so for these HAWK parts?

A Well, we don't know -- what is very clear is the Iranians are clearly aware of the fact they are paying a hell of a lot more than the listed price.

Q Did you -- what if anything did you do after -- by this time it seems to me -- pardon me.

By this time I would suspect there is some concern because they are really starting to get upset about

# UNDEASEARET

m14 1

the prices. There must have been some concern that the prices are so high you had to start wondering whether or not they are just going to kill the hostages as revenge for them getting ripped off. You must have worried about operational security, to use a term?

A There was a concern. I think at one point, in one of those conversations, I asked that we discuss it when we meet in Europe. I also talked to Colonel North about it. But the basic position we took with them was that he should haggle it out with Ghorbanifar since Ghorbanifar was the man that actually sold the stuff to them. This is one of the reasons why when we met with the new channel that we did not deal via Ghorbanifar.

Q Did you and Colonel North ever go to Ghorbanifar and say what in the world is going on? We gave you items worth \$6 million and we are now learning from everybody under the sun that you charged \$24 million? What in the world is happening?

A No. Because the next time we see Ghorbanifar is at the 27th of July meeting.

Q Is there any -- let me ask at what level the meetings got on this in the United States as your intelligence and your information continues to develop?

A On this specific problem?

This price

# UNCLASEFFEFF

m15

A It was just basically meetings with Colonel North,
I think; is involved. Because -- and Charlie
Allen, because there was some concern what the Iranians
would do.

- Q How concerned are you? I am really talking now from here up to the meeting of July 27th? How concerned are you that there might be some risk to the hostages as a result of this dispute?
  - A Well, I don't --
  - Q Is it serious?
- A I don't think there was a serious risk to the hostages. The hostages were very valuable to the captors.
  - You mean as opposed to the Iranians?
- A Yes. So that I don't think they were going to give them up; and the Iranians had other long-term goals in mind in this, so that whatever the problem was on this, I don't think they would allow that to deter them from their long-term goals.
- Q Let me, as I sort of keep going through things here, ask you there are a series of meetings -- I should say two meetings on July 10th and 11th of 1986. The dates are reflected on document 169 and 170. Are these your notes?
  - A This is mine, but I am trying to remember who it

# UNVERSTREET

111

m16 1 was talking to. Since it has been redacted --2 3 Ten July? It looks like Hakim is there? Yes. I wonder if I wrote this. Sam is me. 5 6 Q That is what I assumed. MR. PEARLINE: Can we go off the record? 7 (Discussion off the record.) 8 BY MR. EGGLESTON: 9 10 Let's go back on the record. I will ask you so the record is clear, I have 11 showed you two documents, 169 and 170. Could you describe 12 what those two meetings were about? 13 This is the beginning of our attempts to open up 14 a new channel. We had learned from business contacts of 15 had been out and had Hakim that 16 contacted a close friend of this guy here saying that 17 Rafsanjani was interested in a discrete contact with the 18 Americans. For some reason, also wanted to 19 contact Khashoggi. We never found out why. So what we 20 did is Hakim brought - they have his 21 name, don't they? 22 MR. PEARLINE: 23 THE WITNESS: to the United States. 24

talked to him on

### 1 MR. LEON. Who is we? m17 2 THE WITNESS: I talked to him. I think -- I am 3 sure Colonel North met with him on one of these days. But the -- he might have met with him separately 5 from me. 6 But at this meeting it was Albert Hakim and my-7 self talking to him. And also on the 10th of July. 8 BY MR. EGGLESTON: 9 Okay. 10 Colonel North did not participate in these two 11 meetings, but I think he met with him. Was this the beginning of the second channel? 12 This was the beginning of it because this man was 13 then instrumental in arranging the meeting in August 14 and General Secord in Brussels. 15 between 16 o Thank you. I am sorry I didn't recognize them. I did that 17 on the computer. That is why the mistakes are corrected. 18 Not on your home typewriter? Q 19 On my home computer. 20 I hope it was Tempest secure. 21 The following day on July 12, you have another 22 conversation -- I don't know if you recall it -- with 23 I will hand this to you to refresh your recollec-24

It is CIIN 518

tion.

25

### THAN EXEL SOUTH

113

but what

m18 1 Oh, yes. I wish Charlie hadn't given him my 2 home phone number. 3 Q So he's calling you at home? Yes. Which made my wife extremely curious about 5 what the hell was going on. She knows some Persian. Yes. 6 I take it that this conversation was a continua-7 tion of the complaints about the pricing as well as some discussion of a need to get a hostage released before any-8 9 thing was going to happen? Yes. This is a pretty blunt -- and it was 10 pretty clear at this time that they had not succeeded in 11 12 much at this point. 13 That who --The Iranians hadn't succeeded. 14 They hadn't gotten very far about getting a hostage 15 released? 16 Yes. 17 Α Was it your impression they were working pretty 18 hard to get one released? 19 We didn't have any corroborating -- there was no 20 corroborating information 21 we got from Nir and Ghorbanifar was that there was efforts 22 being made and in the conversations with 23 would always keep saying yes, we are trying, we are 24

25

trying.

## UNCLASSIFIEDET

m19

 Q The next indication of an event I have is that on July 21st, you met with Nir. You must have gone to London to meet with Nir, you and Oliver North?

A Okay. That is when that meeting was. Yes.

Q First, did anything happen between this conversation with the property on July 12th and this meeting on July 21st in London? Do you have any recollection of any significant events?

A No.

Q Maybe you could just describe the meeting of July 21st.

A This is the one -- this is -- what transpired at this meeting is Ollie and I flew over to see Nir. It was one of those typical North trips where you get off the plane for six hours and are supposed to get back on another one. I didn't. I again spent the night in London.

But what it was is so they could discuss the fact that Ghorbanifar thought he had come to some sort of an arrangement to get things moving again. We agreed that -- as I recall -- I don't recall an awful lot about that meeting. I was awfully tired, but in any case, this is what I believe -- the way North put it, if something can be done -- I think we were talking about if we get a hostage released, we would send the rest of the spares in because Ghorbanifar thinks then are can continue on

UNCLASSIFIED

m20 1

3

4 5

6

7 8

9

1.0 11

12

13 14

15

16

17 18

19

20

21

22 23

24

25

with the deal.

As I recall, North said yes, they would give that active -- our side would give that active consideration.

That is about all that transpired at that meeting that I can recall. Nir immediately took off to see Ghorbanifar to see what the status of play was; but as I recall, North also said that we would do nothing until -- someone has to be released.

- Q So you stay an extra day and come back --
- A The next morning.
- Q -- the next morning.

I take it the next event that takes place is the meeting in Frankfurt?

- A Yes.
- Q Who attends that meeting in Frankfurt?
- A Ghorbanifar was there, Nir, North, and I.
- Q And according to my notes that takes place on around July 25th? Well, let me ask it this way. Was it the day before Jencto was released?

A I think so. Wasn't he released on the -- was he released on the 26th or 27th? I am not sure.

0 I sort of lost track.

MR. WOODCOCK. The 26th.

MR. LEON: Jencko was released on the 26th.

THE WITNESS. The 26th; yes

SCHART

116

m21

2 3

4 5

6 7 8

9 10

11

12 13

14

15 16

> 18 19

17

20 21

22 23

24 25 BY MR. EGGLESTON:

What occurs at that meeting in Frankfurt?

This is the meeting where in return for the release of Jencto, they would send in the rest of the spares which is basically what happened.

- How long does this meeting last?
- It was in the airport hotel. It didn't really last that long.
  - Couple of hours?

meeting then that you had with --

- About an hour-and-a-half.
- Was it another quick turn-around? Did you get right back on the plane and come back?
- As I recall I had some other business I could take care of in Frankfurt. North probably -- he always did.
  - North always went straight back?
  - The next plane he could get. He always did that.
- Was there any discussion -- this is the first

Wait a minute. North did send Ky-47 messag from the hotel. I guess he did stay that night. Saying what was -- to alert them what was happening. And then -to make the arrangements to receive Jencto.

- So you think he stayed that night?

# UNCEASEFFEET

117

m22

2

Jencko.

4

5

6 7

8

9

11

12 13

14 15

16

17 18

19

20 21

22

23 24

| Q        | Were | you | certain   | as | of | that | meeting | that | Jencko |
|----------|------|-----|-----------|----|----|------|---------|------|--------|
| would be |      |     | the follo |    |    |      |         |      |        |

- A Yes, as I recall we were.
- Q Did you have any conversations when you were there with anyone in Iran?
  - A I don't recall any.
  - Q You don't think so?
  - A No.
- Q But it was not was not present at this meeting, you take it?
  - A No.
- Q And then Jencko was released the following day.

  Let me ask, you indicated -- this is the first time you met with Ghorbanifar I guess really since the meeting in Tehran; is that correct?
- A Yes. I think -- as I recall it is the first meeting I had with him since Tehran.
- Q Did the subject of the pricing of these -- of the
  - A I think Nir asked us not to bring it up.
  - Q Do you know why?
- A No. I don't recall. I was fed up with the whole pricing issue by then anyway.
  - O I take it, though, you stirt have to be concerned

# UNIE ASSCRET

m23

 that it is on your scope or whatever?

A What happens -- Okay. What happens at this meeting, we took up something else. It is at this meeting that Nir tells us -- he also tells us at the meeting in London -- okay. That Ghorbanifar had made counter proposals, which is this giving them a reduction in price of \$6 million, what have you, and that there was a letter -- had sent a letter on the 8th of July.

- Q Right.
- A Nir promised that we had not yet gotten that, as I recall, when we met. But we were told this would settle everything. This is -- you have a copy of that letter.
  - Q I do.
- A I don't know whether it was settled, but as I recall there wasn't that much hassle about the price afterwards in conversations I had with -- it sort of changed.

It was me pressing to get on with the deal, get everything settled so we could continue.

- O This is after which time now?
- A This is after the 27th July meeting. Finally, at the end of August, tells me they settled all their accounts with him.
  - Q Let me get to the 27th of July meeting. Where

does that take place?

m24 1

A That takes place at Frankfurt.

Q So have you basically -- you had a meeting on the 25th in Frankfurt. The 26th Jencto is released. Then there is another meeting on the 27th? Is that right?

A I think there was just the one meeting on the 25th. I might have had the dates wrong.

MR. LEON: Could that meeting have been on the 26th instead of the 25th?

THE WITNESS: I didn't make a memo of that meeting.
BY MR. EGGLESTON:

Q I think that is right. Let me ask it this way because I care less about the dates. You distinctly recall having a meeting with Ghorbanifar right before Jencto is released?

- A I thought it was right before he was released.
- I can read it to you. There seems to be some indication in some contemporaneous notes North wrote to Poindexter you were leaving the night of the 26th and Jencio is released the 26th and you were going to meet North and Secord in Frankfurt tomorrow, which would be the 27th. Nir and Ghorbanifar depart London tomorrow. And will also meet in Frankfurt the next day.

120

m25

2

3 4

5 6

7

8 9

10

11 12

13

14 15

16

17

18

19

20 21

22

23

24

I guess the significant issue --

- You know, I don't recall meeting Secord.
- You don't think Secord was in these meetings?
- I thought it was just Ollie, myself, Nir, and Ghorbanifar. I don't remember Dick participating.

Part of the problem was I had nothing to do with the hostages, I mean when they were released. That was all taken care of by North.

- Right.
- So I'm kind of hazy about the timing.
- Let me ask it this way, I guess, just so we are Do you think around this time there was only one meeting, though? There wasn't a --
  - I only recall the one meeting.
- Do you think that the meeting then -- and I know you don't have any memoranda on this -- but is it your best recollection the meeting was -- it seems to me there are two ways. It was the day before, something was along the following lines, damn it, you have to get a hostage out or we are not doing anything and he says it will happen tomorrow. Or the hostage is released and it is said the hostage is out, let's get our act together.
- It was a foregone conclusion he was being released when we had the meeting.



# THIR SECRET

m26

and mas

hold Jencko for two days?

I get it.

A You know, immediately before, because I know Ollie was very busy sending KA-47 messages about how to handle the -- Jence when he was released. Didn't they



end mas

#3A magl

# TANKAREGRANT

122

| 1  | Q You mean held him without revealing that he had   |
|----|---|
| 2  | been released?                                      |
| 3  | A Without revealing he had been released.           |
| 4  | Q I think that is right. Hoping additional hostages |
| 5  | would be released?                                  |
| 6  | A Yes. I think we were misled by Ghorbanifar on     |
| 7  | that.   |
| 8  | Q Ghorbanifar suggesting there might be additional  |
| 9  | people?   |
| 10 | A I think that is the way it went. We were hopeful  |
| 11 | of getting more.                                    |
| 12 | Q You think it might have been                      |
| 13 | A The confusion might have been on the fact that    |
| 14 | Jenco was held.                                     |
| 15 | Q He had actually been released, but it wasn't      |
| 16 | public.   |
| 17 | A He was held for two days before it became public. |
| 18 | I am hazy my memory is hazy because I was not       |
| 19 | directly concerned with the hostages.               |
| 20 |   |
| 21 | Q You think it was only one meeting?                |
| 22 | A I am sure we only had one meeting.                |
| 23 | Q Let me ask you, this is CIIN                      |
| 24 | A There may have been another meeting that I did    |

The frankly of the first of the

not attend.

mag2

UNCEASSECTED T

| ١ | Q         | I understand that.                               |
|---|-----------|--|
|   |           | Is this in your handwriting?                     |
|   | A         | No. That can be read.                            |
|   | Q         | It seems to say at the top of it "Cave to be."   |
|   | A         | That is not my handwriting.                      |
|   | Q         | Can you tell by looking at it what meeting those |
|   | are notes | from?  |

- A Oh, man.
- Q It is not that important if you can't tell.
- A I think that might be from that meeting because of the timing of some of the things.
  - Q That was my guess.
- A But I couldn't be certain. That is not my handwriting. It has "Cave to --" -- I think that is Ollie's handwriting, isn't it?

I couldn't tell you precisely, but from the things that are being discussed, it could have been that meeting, because it is certainly some time around the end of July. I can't positively identify it.

Q Between -- if I didn't, the number CIIN 584 -- that is the number of the document about which Mr. Cave was just speaking -- between the meetings that had occurred on July 10 and 11 of 1986 and the time of these meetings in late July, had there been any further development of the second channel?

mag3

| 1  | I |
|----|---|
| 2  |   |
| 3  |   |
| 4  | l |
| 5  |   |
| 6  |   |
| 7  |   |
| 8  |   |
| 9  |   |
| 10 |   |
| 11 |   |
| 12 |   |
| 13 |   |
| 14 | ١ |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |
| 21 | l |
| 22 |   |
| 23 |   |
| 24 |   |
| 25 | ١ |

## UNDEASSIFIE T

124

- A No. That didn't occur until August.
- Q Let me just ask you -- I will show you CIIN 519.

  That is a memorandum dated 9 August of 1986, I think. Is this a document you had something to do with?
  - A Yes.
  - Q Who is
  - A Me.
  - Q Had you changed your alias by this time?
  - A No.
  - Q Unredacted.
    - A How did that get through. Okay.
    - Q Do you remember this call?
    - A Yes.
- Q What was the purpose of this call? I can't recall this that well.

Did you call him or did he call you? It is a call to for the record.

A I don't recall precisely whether he called me or I called him, but this was kind of an interesting call, because nothing ever transpired that was discussed in it.

By this time we had already contacted the second -- the second channel -- 9 August.

Oh, no, hold on a minute. Wait a minute. We had not yet comment the comment when I made this

#3B

mas l

 UNCLASSIFIED

call. In this call, he indicates that they were prepared to settle their accounts with Ghorbanifar as soon as the military had finished the inventory of the parts that we sent on 5 August. This is why he is so pleased, that we completed our end of the bargain. Yes. It jogs my memory. As I say in here, to get things moving, we are going to have to meet. He agreed to it. He seemed very -- he had been in a mood in all the previous calls. He was very happy about this one because his tail was on the line on this one, too.

- Q The next thing I think that happens, at least as nearly as I can tell, is there is a mid-August meeting with the second channel.
  - A Yes, that is correct.
- Q Could you describe how that is developed and what occurs. I take it you don't attend that meeting?
  - A No. That was Secord.
- Q Can you tell us how that meeting got put together, who was present, what happened?
- A That meeting was arranged by the new Iranian contact that we have on the 10th and 11th of July. It was arranged Brussels because it was easiest for to get there. He had business there. Belgium is

to get there. He had business there. Belgium is where the Iranians buy most of their medicines for the treatment of the wounded.

126

m2

1 2

> 3 4

> > 5

6

7 8

9

10 11

12

13 14

15 16

17

18

19

20 21

22 23

25

24

I forget the exact date of the meeting, but it was sometime around mid-August. At that meeting, he agreed to come out again and meet with us in Washington.

Do you know who met with him in Brussels?

I think it was just Secord and the other two Iranians.

Do you know whether Hakim was at that meeting?

I don't know for sure. I know -- I know General Secord was there. I think that Hakim was in the States at the time, but I couldn't swear to that.

As of this time, what is the focus of this second channel? What is it that you are hoping to achieve through the second channel that hadn't worked through the first channel?

Well, what we were always concerned about is nothing seemed to happen. In other words, there were no real concrete proposals from the Iranian side on a strategic and political relationship. This had been discussed at great -- ad nauseum in Tehran. And Tehran -in Tehran, the Iranians talked about the undesirability of channel. So that they agreed to the Ghorbanifar look for a new channel and we were to consider the new channel.

> One of our assumptions was the initiative of was based on discussions in Tehran. In other

# UNCEASSIFIED T

127

m3

1

3

5

6 7

9

10

11

12 13

14

15

16 17

18

19

20 21

22

23 24

25

words, when they got together back there and said what are we going to do now, we said well, we will work it out. They are very paranoid.

Q Was it your understanding that this second channel was really dealing with the same people?

A And would deal with the issues. But it would deal with issues which never really got dealt with in Tehran.

Q I think you indicated you had a conversation in late August of 1986?

A With

Yes.

A That is when he tells me -- I think one of the last conversations I had with him was on, I think, the 27th of August. Do you have a record of that?

Q I don't have a record. I have a record of a memorandum by Charlie Allen but not a record that you prepared of the conversation. There may be one and I haven't seen it.

A That is the one where he tells me as of the 21st of august that they had squared all their accounts with Ghorbanifar.

Q Is this where he tells you about the -- we owe him money but he owes us TOWs?

A No. This we get

INCLV & CTILLE

from the new channel.

### UNCLASSIATEDET

m4

1 2

tried to -- from that point on, tried to get information out of me on the second channel.

Based on conversations with the new channel, I always sort of him off on it. Stonewalled him on it.

Q Has there been a decision by this time that you are not going to deal -- you meaning people in the Agency -- are not going to deal with and Ghorbanifar?

A There is no concrete decision. There is a great deal of concern about how we handle Ghorbanifar so he doesn't go public or doesn't screw up the operation.

Q Who throughout this period of time is participating in these strategy meetings about how to deal with the termination of the old channel and the surfacing of the second channel? Who first at the Agency is involved in these decisions?

A Not me. It is basically the decisions have to come from the NSC. We give our views.

gave his views; I mean; Charlie his. I don't think Casey had strong views on this.

The problem was that even after the Tehran debacle, Nir was insisting on the use of Ghorbanifar; and after the release of Jencko, he continued to argue that Ghorbanifar proves he can get things done.

SO ITUNCIASSIFIED

# NCASSIFIED T

m5

 complicated by the fact that we wanted to keep the whole initiative secret and we were afraid if Ghorbanifar was cut off, he might go public or at least take some steps to screw up the operation.

In our initial conversations with the new channel,
we spent a lot of time discussing this, how
to handle it. They had some ideas and we had some
ideas.

- Q So the new channel was also concerned about what reaction Ghorbanifar might have?
  - A Yes. And we were very concerned about it also.
- Q Let me just expand on one question. Is Clair George involved in these conversations about -- these planning conversations about what to do? He's a name you haven't mentioned much up to now?
- A I don't think Clair really got involved an awful lot until after we got into the second channel and then the thing got exposed.
  - Q How about Dewey Clarridge? Is he involved?
- A Dewey wasn't involved really that much. Dewey sort of stood in when someone -- in other words, he was involved in a couple of meetings because we didn't have very many people who were cut in. So when you wanted to review something, what are you going to do? It is nice to have a senior experienced officer. Dewey, when was

NCIASSIFIED\_

# UNCLASSHIPETET

130

mб

2

3

**4** 5

6 7

8

9

11

12 13

14 15

16

17

18

19

20 21

22 23

24 25 away on trips, Dewey would take over his role in this operation.

- Q So he was essentially there as another sounding board, idea guy to decide what to do?
  - A Yes.
  - Q But he was not involved operationally?
  - A He was not a key player in this operation, no.
  - Q Between the time of this conversation with

in late August and then I take it there is a meeting in Washington with the second channel on the 19th and 20th of September?

- A That is correct.
- Q Were there any meetings with either Ghorbanifar, Nir, or with the second channel between those two times?
- A None that I participated in. That I either participated in or knew about.
- Q So could you describe how this second -- this meeting on the and 20th of September gets set up and what occurs during the course of that meeting?
- This meeting was actually arranged when Second met with in Brussels; and it was agreed that he would come out and when he came out, we would arrange to bring him to the United States for discussions.

I think he came out on the 12th, or 13th of

UNCLASSIEIED

# THELASSIFIED

m7

 September and Secord made the arrangements. We flew him over on the 15th or the 16th. We arranged to have him brought in. He stayed out at Seven Corners at the Sheraton, that strange Sheraton that looks like a phallic symbol. That is right across the street from Hakim's offices.

We met him in Hakim's offices. This was very interesting because he came with some specific proposals and was obviously trying to find out how much of all the deals that Ghorbanifar had presented to them we were willing to go through with. And spoke frankly about their problems with the war and with the proposed offensive against Iraq but what was important, he made a definitive proposal.

Q Do you recall what the proposal was?

A There were two. One was he said that if you agree, our side feels that a commission should be formed, we will have four members, you will have four members, that will meet in secret and propose steps that can be taken toward the gradual normalization of relations between the two countries. In order to put a seal on this, he also proposed that we have a meeting at the Under Secretary level and said their Deputy Foreign Minister would attend the meeting.

I don't know if it was at that meeting or a



UNCLA

TOP SECRET

132

8*m* 

2

3

5 6

7 8

9

11 12

13

14

16 17

> 18 19

20

21 22

23 24 25 subsequent meeting that he said that they might bring their ambassador in London since he was pretty bright and was one of Rafsanjani's men.

- Q Who attended this meeting? ...
- A There were two meetings on the 19th and 20th.

  On the American side, it was myself, Ollie North, and

  Secord. By this time, the first time, Secord is taking -is participating directly in substantive meetings.
- Q This is the first time since you have been involved?
- A Really the first time. On the Iranian side of course it is in but there was another Iranian there who is one of their officers

He was also present?

- A But he did not participate in most of the discussion.
  - Q Was Hakim present?
- A He was there but he did not participate in the substantive discussions.
- Q I just want to make sure I understand what you mean. Was he present for the substantive discussions?
- A He was there, but he did not take part in the discussions. In other words, we went into a room and talked.

nactassierd"

THE ASSIFTED

133

m9

6 7 8

10 11

9

12 13

14

15 16

17 18

19

20 21

22 23

24 25 Q Without Hakim?

A Ollie's theory was that Hakim could then handle the business end of things such as they wanted.

Q By this time -- it struck me that some of the early meetings attended way back in the spring of '86. By this time he is not attending any meetings. Is there a reason that he's not attending?

A No. I guess they decided to let me handle them. We still considered this basically an NSC initiative.

Q I wonder if there was a decision about why he wouldn't be there. Particularly with the new channel which seemed to be promising, I wonder if there was discussion about someone else should be brought in?

A No.

Q There was also a discussion -- actually I interrupted you. You told me about the meeting of the 19th.

Was the meeting on the 20th in the same place and the same players, substantially?

A Yes. It was -- we gave a briefing on the Soviets on the 20th.

Q Is that --

A I did that.

Q Is that substantially all that happened on the 20th?

A I think there were some other discussions,

UNCLASSIE D.

# TNELASSIPPET

m10

follow-up discussions. Ollie told him that for the time being our side on the commission he proposed would be Secord, myself, and Colonel North. We also discussed possible steps.

One of the proposals made was maybe we could open -- take steps in the near future of opening commercial relations, expanding commercial relations between the two countries leading up to maybe active interest sections under our protective powers. Things like that were discussed.

To the oming

MR. LEON: Did you say McFarlane was there?

THE WITNESS: No. McFarlane -- after the Tehran meeting, I did not see McFarlane until we worked on the

INCLASSIFIED 82-492 0608

PUBLIC PAPERS OF THE PRESIDENT

m11 1

President's speech. That was on the 13th of November, 1986? Was that the day he made the speech?

BY MR. EGGLESTON:

Yes.

A We did a lot of the notes for the speech writers.

MR. LEON: Is there any reason why you didn't see McFarlane again?

THE WITNESS: I don't know. I don't know whether he decided he didn't want any part of it or what, because I had no contact with him. At one point sometime in the summer, Ollie told me that -- he said McFarlane would like to see you to talk to you again, but it never happened.

BY MR. EGGLESTON:

Q Had you heard of the second channel? Did you know the person by name prior to the time you had met him? Is this a famous person?

A We had heard of but

Q Had you been able to verify that he was indeed a substantial -- had you been able to verify independent of what he said to you that he was a substantial person?

A Yes.

Q There was also during the course of these conversations some discussion about their military needs?

A Oh, yes. That is what I said. One of the

UNCLASSIFIED...

# TOP SECRET

m12 1

 things that he was trying to find out is just what of all the things that they had discussed with Ghorbanifar they might be able to expect that they could get from us.

One of the important things that this -- I think it is somewhere in there, it was either at this meeting or the first one in Frankfurt, North emphasized there can be no normalization or resumption of an arms program until there is a resumption of the normalization of relations between the countries. They fully understood that.

- Q What did you understand him to mean by that?
- A We would have the resumption of normal diplomatic relations between the two countries.
- Q Did you also understand that to mean all the hostages had to be released before there would be a resumption?

A That would be part of it. But I think by that time -- well, everyone had different views. Having spent my time in the Middle East, I didn't think we were ever going to get all the hostages out. I know a lot about

They are one of the most independent-minded people in the world.

- Q So I take it you had real doubts they would respond?
- A That is what I told Casey when we came back from Tehran. I said I think we will get two out, maybe three,

UNCLASSIFIED 82-692 0700

m13 1

 but they would never release all of them until they got some movement on the 17 in Kuwait. And also when we were giving the U.S. position to about we want all hostages, not only Americans released, was very concerned. He said because the -- particularly the French hostages, where the captors were demanding release of the Dawa prisoners before there would be much movement on the French hostages.

Q Just as a matter of interest, was there a reason he was tying the French hostages so closely to the Dawa?

A I don't know except you know what you can surmise that the captors thought there might be more -- the French might be willing to put more pressure on than we were. The French might be more flexible.

Q Was there any -- at these meetings on the 19th and 20th of September, was there any specific discussion about delivery of additional weapons? Was there a plan formulated?

A There wasn't an outline of a plan. We were prepared -- I think this is the first time we talked about an additional shipment of TOWs in return for the two hostages that were at that time being held.

Q There were two left at this time?

A Yes. No. There were -- there were three left at that time.

UNCLASSIFIED.

# TACLASSIRED

m14

end mas 

|       | Q      | That  | is | righ | ıt. | Two | had   | bee   | n rele  | ased | and   | there  |
|-------|--------|-------|----|------|-----|-----|-------|-------|---------|------|-------|--------|
| were  | five   | total |    | Had  | the | add | ition | nal I | hostage | es b | een : | seized |
| by th | nis ti | ime?  |    |      |     |     |       |       |         |      |       |        |

A Yes. You will see there is a telephone call where I call to complain about the --

Q The seizure --

A This is after they released Jencko. Damn. I can't remember the dates. I remember calling to complain. You release one and they pick up another one. That is a wash. But I can't remember the exact date of that.

UNCLASSIFIED

man andi-i-i-

#3c bp-1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

139

- But it is your recollection that after this, in this meeting on the 19th and 20th, there were some discussions about going ahead with an additional shipment of weapons?
  - Oh, yes.
  - Was it your recollection that it related to TOWs.
  - TOWs is my recollection.
- There is another meeting on October 8 and 10 in Frankfurt.
  - There were other things that happened.
- I was going to blanket it. What happened between that meeting and the meeting that takes place in Frankfurt?
- As a result of the steps, I briefed Casey on what I grote a memo which you have there. had transpired. talked to In my talks with because of the nature of the promise made by the Iranians-the State Department has to be believed at sufficient level because it is becoming a policy issue.

He agreed and talked to North on the 22nd of September, with which North agreed. We also agreed we have to look toward sending some intelligence based on these contacts.

On the 24th of September, all this is because it looks kind of positive, all this is discussed in a meeting in Poindexter's office I can't remember every

рb

# **UNULASISTEE**T

one that was there.

Q As best you recall?

A What we did was go over this. I forget -- I think Casey was there. I was there. But the important thing to me is that toward the end, at the end of the meeting, I talked privately with Poindexter, and reiterated this point; that the State Department had to be brought in. He agreed and said, "I am going to call George Shultz right away."

So from that time on, I was under the impression that the State Department was being kept fully apprised by the NSC about what was going on. Because the Iranians were talking about this deputy foreign minister meeting sometime in November. So that is what happened. Everyone seemed — things seemed to be pretty positive. Then we go to the meeting on the 8th — from the 8th through the 10th of October.

At this meeting one of the guys who was -- one of
the original four people we talked to in Tehran shows up. He
is
We give a brief -They give us a brief and a huge

map of the Iranian military order of battle

also give them a brief on our view of the Iragi

# UNCEASSIFIEBT

141

1

2 3

4 5

6 7

8 9

10 11

12 13

14 15 16

17 18

19 20

21

23 24

25

I think it is at this meeting that they give us the four names of the people proposed for the joint committee, and also complain that we ought to move in along faster. This is the meeting in Frankfurt.

I take it you and North are theonly two participants from the United States in that meeting?

Secord.

about other things.

Secord is also present?

Yes and also Hakim is there. Because of the long, drawnsout natures of these, he translates some of the stuff when I am hoarse from translating. So that is in general what transpires at the first meeting.

Then there is more talk about -- they had -- at all of these meetings, they emphasized their need.

They talked

They were continually talking about

There were no commitments made. drone aircraft.

bp

# UNCEASSIFICAT

Ollie continually emphasized that we can't have anything regularized until after there is formal regulations.

We also got at this -- at the September meeting and the October meeting a lot of the rationale behind why the Iranians were willing to talk to us; telling us about the fact that they realize once the war was over they had to rebuild the country and the only way they could turn was to the West.

Also concern about the radical wing in Iran, we got quite a bit of information we had never heard before these things. There is one other thing that was important. Oh, what came out was that on ending the war, in addition to the fact that they had -- they said the rationale behind the final offensive -- this was at the early October meeting -- was they felt they had to gain enough territory or enough strategic objectives so that they would be in a very good bargaining point at the end of the

The one worry they had was that once the war was over, would the United States resume its arms supply? In other words, they want to agree to some sort of negotiated end to the war, and then findput they would not be able to rebuild their military, which they wanted to do with American equipment if at all possible.

How did Colonel North respond to that? How can you-

UNCLASSIFIED.

# UNCLASSIFIFIET

did you respond to that?

A One of the reasons they asked this is that

North's position has been, look, there can be no normalization

of arms sales with Iran until after the normalization of

diplomatic relations. I think he put on as positive a nature

as he could by saying it depends on whose administration is

in power at the time whenever this happens.

Q Let me ask a couple of other questions about this meeting. Is this the meeting to which Colonel North brought the bible?

- A No. That was in September, I think.
- Q That was the September meeting?

A Yes. Because he took them through the White House. He took him on a tour of the White House. I think he gave the bible there. See, there was a mix up in my testimony to the Senate, because they asked about the cake, and said was there a bible. I said, yes.

. Then they didn't ask me whether the bible and cake went together.

- Q The cake was in Tehran?
- A The cake was in Tehran. The bible came later.
- Q Do you have a firm recollection about whether the bible came in the United States or whether the bible occurred in Frankfirt?
  - A I am pretty sure it was in the September meeting in

# INCLASSIFIED T

b-

# **YNOLASSIFHED**T

| Ш | the | United | States. |
|---|-----|--------|---------|
|---|-----|--------|---------|

Q Was there -- were there -- did any money pass at this meeting?

- A Which meeting?
- Q At the meeting the 8th to 10th of October?

A No. That meeting -- that was what we nailed down. said, "Okay, I am going to go in via Damascus and make sure on the release of two hostages and we would ship 500 TOWs.

Q Was there any discussion about how much the 500 TOWs would cost them?

- A No.
- Q Was there ever a discussion in your presence about how much they were going to cost?

A I never recall any discussion in my presence about what the price to the Iranians would be. I assume that Nir briefed Ghorbanifar not to discuss it with me or something. I never heard any specific pricing on what it was going to cost.

- Q By this time Nir and Ghorbanifar are out of the picture: is that right? I don't mean out of the picture, but out --
- A We are discussing with the Iranians. The Iranians at the September meeting that they might get Ghorbanifar back to Tehran on arms business, and then keep him there until this thing got further along, working on something back in

bp

1 2

# UNCEASCHEET

Tehran. One other -- they even told us they had discussed buying off Ghorbanifar, but Rafsanjani didn't want to do this because if it ever surfaced he had paid off Ghorbanifar, he would be in deep political trouble.

So they asked us if we could do anything. We said, "Well, there is not much we can do." So what they -- at this early -- I think it was at this October meeting, the early October meeting, said that what they would do is they would continue to throw some arms business this way to keep him quiet.

- Q Did you have an understanding --
- A I never saw Nir -- there was a meeting -- I don't know which came last, whether it was the meeting in Frankfurt or a meeting he attended here. He came here for a terrorist meeting. We had a meeting with him. I can't remember when that was.
- Q Did you have an understanding as of this meeting in early October about just how the transaction would take place with the TOWs? Because by now it appears to me that you are -- at least as to this transaction -- essentially cut Ghorbanifar out of the loop and maybe Nir with him.
  - A They said they would pay direct.
- Q Direct from Iran to Second or direct from Iran to the CIA account?
  - A No. No. No. They would pay -- they would deal with

UNCLASSIFIED

bp

UNCLASSIFIFT

| Hakim. |
|--------|
|--------|

- Q So they would pay --
  - A Which I guess is the same as Secord.
- Q And any recollection of how much the price was?
  I know I just asked you this.
- A No. When we talk about the meeting at the end of October, we can get into how that worked.
  - Q Actually I was going to go to that right now.
  - A Okay.

end 3C #4 fls.

UNCLASSIFIED.

#4 bp-1

# TOP SECRET (Discussion held off the record.)

147

1

BY MR. EGGLESTON:

Q Let me ask you, you have a meeting with again, the second channel, as we have been calling him,

in late October?

A That is correct.

Q Did you have any other meetings that were relevant to this between the end of the meeting in early October and the meeting in late October?

A Furmark.

Q We will get to Furmark in a second. Could you tell us where did the meeting take place in late October?

A It was in Mainz.

Q Could you spell that? M-A-I-N-Z. It is right down the river from Frankfort.

Q Who was present at that meeting?

A North, myself, Hakim and Secord.

Q From the Iranian side?

A It was and and wasn't there at that one.

Q from --

A The two -- the Iranian in London, the two Iranians in London came over, but they didn't participate in the meeting. They were there.

Q What occurred during the course of these conversations

A Well, the key thing was a there were two key

2

6 7

5

8

10

11

13 14

15

16 17

18

19

20

21 22

23 24

1 2

# UNCEASSIFIEDT

things. He told us that he had definitely, in talking to the captors, had definitely received a commitment to release one hostage. He asked us if we wanted to name the hostage, and we said no. He said he was pretty sure he could get a second one released. But he would not promise on the second one. He said, "I can't give my word on that. It looks pretty good."

He also said there has been some problems. This was the other important thing. He said on the 15th of October, the radical wing distributed leaflets in Tehran outlining McFarlane's visit to Tehran. Oh, incidentally, it took him until then to find out who McFarlane was.

They told us when McFarlane was in Tehran, they did not know him. The only one they knew was me. They could not locate Colonel North in the books.

Q You, they knew

Did they think you were leading the delegation?

A No. In any case, what he said is that these leaflets had been circulated. He said also on the 26th or the 27th of October, a small rag in the Bekaa Valley -- Baalbek -- had published this story. He said as far as we know, no one has picked it up. He warned us the thing was liable to get out. They had arrested a lot of the people in Tehran in the radical faction who were responsible, including the leader of the radical faction.

#### UNCLASSIFIED.

# TOP ASSIFIED

| 1 | 0 | Who | were | responsible | ror | what |
|---|---|-----|------|-------------|-----|------|
| ł | ŀ |     |      |             |     |      |

- A Leaking the story.
- Q Okay.

A He said that he had brought -- my recollection is that he said he had brought with him a check for \$4 million;

he said, "I can't cash it. I have to turn it over to him."

Which he did, and the money appeared in our account, I think,
on the 28th -- very soon.

So we arranged, while he was there, we arranged to launch the -- the 500 missiles -- Hawks -- not Hawks, TOWs were already in Israel. So we arranged to launch those while he was there. As soon as he had heard that the plane was in the air. He took off to make sure that one -- that the hostages would be released.

I think I left on the 29th. I am not sure. Got the first plane he could from Geneva.

Q Let me ask you about two people whose names come up as being involved in the hostage release around that time.

That is Robert Dutton and Rafael Quinteros. Did you know any one of those people?

I was introduced to Dutton, but I didn't know the other guy. Never heard of him.

- Q To this moment you never heard of him?
- A No.

#### INCLASSIFIED

24 25

# TEASTER ALDIN

150

| 1  | Q I am not surprised. I was just curious. Where             |
|----|---|
| 2  | were you introduced to Dutton?                              |
| 3  | A The meetings we had with                                  |
| 4  | 19th and 20th were in Second soffice. Dutton was introduced |
| 5  | to me there.  |
| 6  | Q Did you meet Dutton in connection with this meeting       |
| 7  | in lage October?  |
| 8  | A No.   |
| 9  | Q And that meeting and the shipment of the TOWs             |
| 10 | results on the third of November in the release of hostage  |
| 11 | Jacobsen?   |
| 12 | A Second of November.                                       |
| 13 | Q Is it the second of November? After the meeting           |
| 14 | when he leaves on the 29th or the 30th, whenever, do you    |
| 15 | leave and come back to the United States, or do you remain  |
| 16 | over there?   |
| 17 | A Yes. I had to clean up a couple of things in              |
| 18 | Frankfart and I think I took a day off and saw my grand-    |
| 19 | children who live in the northern then I came               |
| 20 | back. I can't remember. I think it was a Sunday. Then       |
| 21 | I came back on Monday.                                      |
| 22 | Q After the hostage Jacobsen is released, do you            |
| 23 | have a conversation do you call Tehran or anything?         |

A Yes.

O Where were you when you called Tehran

INCLASSIEIED.

8

10

11 12

13 14

15

16 17

18

19

20 21

22 23

24

25

151

| Α | т | think | т | <br>hack | horo |
|---|---|-------|---|----------|------|
|   |   |       |   |          |      |

- The 30th would have been a Sunday.
- The 30th of October?
- I am sorry. The first of November is a The second is a Sunday.
  - I guess I came home then.
  - On the second?
- Maybe I saw them on Saturday and came home on Sunday, the second.
  - Q Saw your grandchildren?
  - Yes. I think I did.
  - Where were you when you made the call to Tehran?
  - Back here. Α
  - Who did you speak to in Tehran?

What was the purpose of that

#### conversation?

- To findout where the hell the other hostage was.
- What did he say to you?
- He said they are still trying, not to lose faith. That was the last time I talked to him.
- That is the last time you spoke to him. You continue, however, to have additional meetings with regard to this, don't you?
  - Well, what we did is after this, after everything



#### UNCEASSIERE

comes out in the press on, I guess, the 4th of November.

| 2  | we have a meeting with                                    |
|----|---|
| 3  | Q This is the same man from Tehran now?                   |
| 4  | A Yes. On 9 through 10 November, or 8-9 November, i       |
| 5  | which we try to see if anything can be salvaged. I think  |
| 6  | you have a memo on that.                                  |
| 7  | Q I was just going to show it to you.                     |
| 8  | CINN 166. Is that your summary of that meeting?           |
| 9  | A Yes.  |
| 0  | Q And who else who from the American side, the            |
| 11 | United States side participates in that meeting?          |
| 2  | A Secord and North were both there. There is a            |
| 3  | long one of the things North took extensive notes,        |
| 4  | so I only when I took notes, I only took notes on mainly  |
| 15 | things that pertained to me.                              |
| 6  | Q Did North take extensive notes of each of the           |
| 17 | meetings?   |
| 8  | A Yes. He was very religious about that. He sent          |
| 9  | more damned messages back to tais is why the towboy thing |
| 20 | everything he did, he sent a message back to Poindexter.  |
| 21 | Q This is why you don't believe the rogue staffer         |
| 22 | theory?   |
| 23 | A I find that almost impossible to believe.               |
| 4  | Q Did he have did he usually travel you said              |
| 7  | KT 47 or something.                                       |

A Yes.

Q There is a device called a C.L. 43?

A C.L. 43. Excuse me. The reason I say K.Y. 47 is that is a device we had years ago.

TOPASSIFIEDT

Q I didn't know if you were talking about a different device or not. Did he travel with that most of the time?

A He always had it. He used to drive me nuts because hungry as hell, but he would have to send a message.

Q Who did he send it back to?

A To Poindexter. Well, back to his office to be taken to Poindexter. Bob Allen was usually on the receiving end.

Q What was the upshot of the meeting on the 8 through the 10th? Things are pretty public by now.

A In short the Iranians wanted to continue the dialogue, but thought maybe the best thing to do was leave things -- just leave things go for a while until things cool down. They were hopeful that we, on our side, could arrange it so there would be as little not riety as possible. Faint hope.

This is what you will see is what he gave me about their views on certain aspects of intelligence cooperation.

This is mainly what this memo is about. There were long, long-winded discussions about policy and hostages with he, North,

#### UNCLASSIEJED,

1 2 3

2

3

time.

# UNCEASSIFIEDT

and me translating most of the time and Hakim some of the

Secord was also present at this meeting?

154

|    | II         | and the same and t |
|----|------------|--|
| 5  | meeting t  | hat I had the first page alone to discuss  |
| 6  | this.      |  |
| 7  | Q          | Let me finish out your meetings, go back to  |
| 8  | Furmark,   | and then I want to ask you some questions about  |
| 9  | sort of a  | s these things were breaking. I just want to take  |
| 10 | you throu  | gh North's calendar.   |
| 11 |            | You continued to have meetings into December; is   |
| 12 | that righ  | t?   |
| 13 | A          | The last meeting was on, I think, the 13th of  |
| 14 | December,  | but the State Department was involved then.  |
| 15 | Q          | Was there a meeting on the 6th of December as  |
| 16 | well?      |  |
| 17 | A          | I don't know.  |
| 18 | Q          | You only remember one meeting in December?   |
| 19 | A          | Yes. That is all I recall.   |
| 20 | <b>Q</b> 2 | Who was at the meeting on the 15th?  |
| 21 | <b>A</b> : | That was Ambassador Dunbar, myself and   |
| 22 |            |  |
| 23 | Q          | What was the where did that take place?  |
| 24 | A          | That took place in Frankfurt.  |
|    |            | What was the focus of these discussions?   |

**UNCLASSIFIED** 

1 2 3

# UNOPASSIFIED

- A It was basically to pass a message to the Iranian side on the State Department's position. That is basically what happened.
- Q Let's go back and pick up Furmark, or, the
  Furmark discussions. Sometime in October, you actually meet
  with Furmark?
- A Yes. Charlie met with him before, while I was away.
- Q Is this while you were in -- did he meet with him during your early October -- when you were in --
- A Yes. Remember I left the States on the 25th or 26th of September with my wife. We didn't get back until about the 12th of October.
- Q So prior to you actually meeting with Furmark,

  I take your meeting with Furmark occurred around October 22?
  - A Yes.
- Q When you return around the 12th of October, what are you told about Charlie's previous meeting?
- A Charlie gave me his memo that he wrote which basically were his worries, which were also mine. There were too many people that couldn't be controlled involved in this and that the dangers of it surfacing were pretty great. Then also about -- told me a little bit about his conversation with Furmark. And then the director decided after another subsequent call from Furmark to ask Charlie and I to go up

#### IINCLASSIFIED.

156

and hear him out completely, which what our So we went up on the afternoon shuttle on the 22nd of October and had a long dinner with him in New York in which Charlie and I just sat there and listened to him and took notes.

- Just the three of you?
- Just the three of us.
- I know there is a memorandum of it, but as best 0 you recall, what was the focus of what he was telling you?
- Wex1, what he did was outlined the fact that people unbeknownst to us, people had been involved in this from the beginning, like Khashoggi and that he had known about it from the beginning when the Israelis started it, and then went into his understanding of the financing of the Hawk deal and how it had been arranged and what the dangers were, the fact that two of the creditors were still owed 92about 9 million dollars.

After the meeting was over, Charlie and I called Casey at home and told him -- we didn't tell him much on the phone, but we told him it was very important, that we would get the first shuttle out the following morning and come right to the office to talk to him.

The memo that was written for Admiral Poindexter, designed by Charlie -- actually wrote -- both of us wrote a lot of the stuff that is in there, and then I shortly thereafter -- I left on the 23rd or the 24th to go

#### NCLASSIFIED

3

1

2

5 6

7

8 9

10 11

12

13

14

15 16

17

18

19 20

21

22 23

UNCLASSAFIET

back to Europe, to make the arrangements for the next round of meetings.

- Q How many times did you meet with Furmark?
- A Just that once.
- Q Just the one occasion. Did you, other than writing this memoranda, have any further involvement in sort of the fall out from the Furmark meetings prior to the time everything comes out and you become involved in November? Did you meet with anyone else? Did you talk to Poindexter yourself?
- A I don't recall talking to Poindexter. I had a long conversation with Casey about it.
- Q Was it -- was the point of the conversation the security problems?
- A Yes. The security problems and that was his main focus about what happen if this surfaced. He had the same worry about Ghorba far going public.
- Q Did you regar these conversations with Furmark as in the nature of a threat?
- A Yes. And also I was more inclined to disregard them than most people. I can't see anyone that is owed \$9 million trying to go to court the way he said he would go to court with any hope of recovering the money. That is why I think the threat to us to see if we could do something.
  - Q Because they knew that what they had on you was

#### UNCLASSIFIED....

# UNCLASSSAFED

that you needed to keep this thing secret?

- A Yes.
- Q The one thing that is explicit in the memoranda at least is that the numbers fairly closely, as I recall, tie in with some of the information that you had received previously in conversations, the asides in Tehran, the figures.
- A One of the interesting things is that it is the same thing as Ghorbanifar is \$10 million short, thereabouts.

  Almost exactly. Furmark is -- his suggestion is why don't you let him sell an additional 1,000 TOWs and that will even thingsup, let him get back in flush again and this is what the Iranians tell us is that they figure they owe him \$10 million, but he owes them a thousand TOWs.
  - Q So it sounded set up to you?
  - A Bells started to go off.
- Q I really want to know where bells are going off about diversions to Central America? Because what you had heard at least once and Charlie Allen heard in the spring was money might go to Central America. The figures turn out the same. Furmark tells you of all the excess here that he thought was going off to Central America.

Did you talk to North about funneling this money?

A No. I never talked to North about any funding to the contras. Also, I was far more suspicious of money

UNCLASSIFIED

#### UNCPASSIFIE

159

2 3 4

5 6

1

7 8

9 10 11

12 13

14 15

16 17

18

19 20

21 22

23 24

25

Yes.

going into Khashoggi and Ghorbanifar's pockets at the time because of the previous knowledge we had of the 22nd April arrest, his possible involvement in a a sting operation. The thing that bothers me is that we didn't know how much Ghorbanifar paid for the equipment.

I had no knolwedge of that. I mean he raised

15 million bucks supposedly, according to Furmark, but did he have to raise that much? I don't know. He might have used some of it for his own purposes.

Also the mysterious thing to me is that I know what the price given to North is. It is over \$6 million. That includes the 508 TOWs. Now is the money Ghorbanifar is raising, does it include money for the TOWs or what? Why is Nir getting \$2 million, according to Furmark?

So there is not an awful lot -- all it dos is increme the suspicions and speculations. I don't know what the hell is happening. But I never in all of this long thing ever got any piece of factual information or definite indication that any money was being to the total.

I just wondered. Now having learned this, having heard what you heard in the spring, and I know you have been asked this before, but you also knew Secord and North were very heavily involved in Central America.

#### WHICLASSIFIED!

160

| Q They were also the central players, at least               |
|--|
| as far as you were concerned in this, the Iranian initiative |
| I am just wondering if you were ever tempted to go to        |
| Ollie and say, "Ollie, you and Dick were the money guys in   |
| this operation, and now Furmark is tellingus the money       |
| went off to Central America." If anybody diverted it there,  |
| assuming it was diverted there, if anybody did that, you     |
| could assume it was Ollie and Dick.                          |
| Did you ever ask Ollie this? What is going on?               |

Did you ever ask Ollie this? What is going on? Did you divert the money away?

A No. After everything blew up, after about the --I guess I never saw Ollie again after the end of November.

- Q After he was fired?
- A Yes. After he was fired --
- Q You haven't seen him since then?
- A I haven't seen him since then. So I never asked him about it. I figured that if it was really true, he wouldn't have said anything anyway.
  - Q Did you suspect it might be true?
- A I hate to put my suspicions out. I had an wful lot of suspicions. The one thing that was obvious was there was an awful lot of money involved here. What happened to it --
  - Q There were a lot of places it might have gone?
- A Yes. The thing that always -- I could never understand what the Israeli role in the financing was,

15 16 17

10

11

12

13

14

ેં ⊝ 19 આ 20

2ිලිල**-**22 22

23

#### UNC PASS FREDT

| except it is pretty clear they played a role. | . One of their |
|---|----------------|
| accounts was used and we monies were obvio    | ously owed to  |
| Nir for something.                            |                |

Q Let me just ask you a few clean-up questions. Then
I want to ask you some questions about things in North's
calendar you may or may not recall.

Have you heard of a ship called the Erria?

- A Yes.
- Q You heard of it prior to November 25th of 1986?
- A Yes. Because at -- I forget whether it was the September meeting-- I didn't take notes on this, I don't thing. The September meeting or the early October meeting, they proposed to give us a mint condition T-72, which they would deliver to us in Bandar Abbass as part of the deal.

They also offered to send an I-24, but I don't think we wanted that. This is when I first heard of the ship. It was decided to divert this ship from somewhere, wherever the hell it was, and send it to Bandar Abbass to pick up the tank.

- Did you have any knowledge of whose ship it was?
- A Yes. Ollie mentioned it was of Danish registration.
- Q Why did you think he had the ability to divert the ship somewhere?
  - A My understanding was I thought they had possibly

### UNCLASSIEJED.

op-16

3

4

5

6

7

8

10 11

12

13 14

15

16

17

18

19

20

21

22

23

24

25

# UNCEASSIFIEDT

162

Augusta 1980 -

| - [ | leased   | it. | Something | like | that |
|-----|----------|-----|-----------|------|------|
| ļ   | <b>,</b> |     |           |      |      |

- Q In connection with this operation?
  - A No. No. In connection with the contra thing.
- Q You thought that they leased it, you mean Ollie and Second?
  - A Well, however they --
- Q Or Hakim or somebody? Was it your impression that when you said it was diverted, it turns out to be a key word in this whole thing --
  - A Wherever it was, I don't recall where it was.
  - Q Let's go to redirected.
- A Redirected and ordered the sail to Bandar Abbass to pick up the tank.
- Q Was it your -- I know this is probable morey vague, and you didn't pay much attention to this, but did you think it was on its way to Central America?
  - A I don't know.
- $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{I}}$  guess the question I am asking is what led you to --
  - A No. It was in the Mediterranean.
- Q What led you to conclude it was connected with the contra operation?
- A I think Ollie mentioned something about having used it. But I don't recall what the specifics were. I do know when it came up. Secord -- it might have been -- it

UNCLASSIFIED.

p-17

# UNCLASSIFIED

| ١' | was either in the september meeting in washington or the      |
|----|---|
| 2  | first meeting in Frankfurt in October. Because Secord and     |
| 3  | he were talking about it and they said, "Well, we will just   |
| 4  | get a boat, go down there and pick it up."                    |
| 5  | I am not so sure I knew the name of it even then.             |
| 6  | I think I learned about the name after it came out in the     |
| 7  | press.  |
| 8  | Q Did you know Tom Clines?                                    |
| 9  | A I knew Tom when he was with the agency, yes.                |
| 10 | Not well.   |
| 11 | Q Did you know that he had any association with               |
| 12 | Colonel North during the 1986 time period?                    |
| 13 | A I never saw Tom, but Ollie mentioned him a couple           |
| 14 | of times.   |
| 15 | Q Do you recall in what context?                              |
| 16 | A No, not really. He had dealings with Tom. I never           |
| 17 | got the impression he was directly involved with him on       |
| 18 | anything.   |
| 19 | Q Any recollection that Clines might have had                 |
| 20 | anything to do with this ship?                                |
| 21 | A No.   |
| 22 | Q No connection? Clines and I don't want to assum             |
| 23 | a conclusion you might not share, but it is my general under- |
| 24 | standing that Clines' reputation around the agency by this    |

time, whether it was right or wrong, was at least a guy

you ought to be staying away from because

# UNCERSSHOPETET

into some trouble? Is that a fair --

A I don't know. Clines was -- we were never in the same organizations in the agency. I knew him only when hewas chief of training, because you had to go through him to get specific types of training that you needed then. I honestly can't answer that, what the basic opinion of the guy is. I imagine there are people that know him that have one opinion.

- Q Right. That is why I sort of tried to preface it with whether it was justified or not. It was my understanding that at least he was by that time regarded as somewhat bad news for the agency.
- A I frankly can't recall ever discussing Clines with anybody.
- Q Let me ask it this way. Were you surprised to find Ollie had associated with Tom Clines?
- A I was surprised when he just brought the name up in passing. It was clear that he knew Tom Clines, but not -- I never had any precise knowledge of what he was doing with him.
- Q And you don't recall it was in connection with the contras as opposed to something else?
- A No. I thought it was in conjunction with the Libyans, something to do with the Libyans What it was, I don't know.

UNCLASSIFIED

### THE ASSIFIED

1 2

 Q You knew Clines to have been -
A Ollie was doing something with Ghorbanifar about

the Libyans, but I never knew what it was.

Q I should sit back down. I have one last question before I ask you questions about the calendar. Did Colonel North have a regular relationship with two DEA agents who did some work with him, if you recall, or have any knowledge?

A Not that I know of.

Q This can go real quickly. I will put in front of you -- I don't have it marked, but it is Colonel North's week-at-a-glance standard government calendar for the year 1986. I want to ask you about some things. The things I want to ask you about, I in yellow. I don't know that doing it this way you are really going to remember. What I was interested in is Dewey is here. I assume that is Dewey Clarridge. This is September 15.

A That may have been a meeting at the agency.

Q This would have been about a week or so prior to the meeting with -- the first meeting with

A Yes.

Q No specific recollection of what the meeting was about?

A Yes. I have no specific recollection. If it was the meeting -- was this a meeting when Nir came to the

UNCLASSIFIED

# THE LASSIFIED

states on a -- Nir came to the states on a terrorist thing.
"We all had a meeting out at the agency. I don't know if it was that specific date or not.

 $\mbox{Saturday.} \quad \mbox{Yes.} \quad \mbox{I think that is what it was.}$  We had a Saturday meeting.

 $\ensuremath{\mathtt{Q}}$   $\ensuremath{\mathtt{W}}$  With Nir present, was it a meeting in preparation for the --

A Yes. We told Nir we had opened up another channel.

Q The purpose of this meeting was to discuss the other channel?

A Yes. Discuss what we hoped to get out of it and what to do about Ghorbanifar and whether Nir can in any way put pressure on him.

Q Was Nir at this point worried that he was getting cut out as well?

A I think the Israelis feel that they have a lot at stake in Iran 1 then he would certainly want Israeli interest to be pursued. This is one of the things that Ollie tried to reassure him about.

Q Because in fact as the meetings developed with the Israelis are not present?

A Oh, yes. That is one of the first things they said is that they wanted Israeli footprints out of this as completely and as fast as possible.

did

UNCLASSIFIED

21 l 

# UNCLASSI SEET

| 1  | A Yes. That is that is when Nir was in the                |
|----|---|
| 2  | states on this terrorist thing.                           |
| 3  | Q Here is the week of it is Friday, September l           |
| 4  | A That was the meeting with                               |
| 5  | Q That is   |
| 6  | A This is their man who was                               |
| 7  |   |
| 8  | MR. LEON: Who are you pointing to?                        |
| 9  | (Discussion off the record.)                              |
| 10 | BY MR. EGGLESTON:   |
| 11 | Q I wasn't going to, for these entitles, because th       |
| 12 | are names we have been calling                            |
| 13 | Just so the record is clear there is a meeting on         |
| 14 | the 19th at 11\$30 involving Copp, Cave, and and          |
| 15 | the other individual we were just talking about.          |
| 16 | Here is an on Friday Monday September 22nd                |
| 17 | Colonel North looks like he has one of those quick trips  |
| 18 | to London. Did you accompany him on that trip?            |
| 19 | A No.   |
| 20 | Q You are listed as having met with him on Tuesday        |
| 21 | October 14 at 3:30 in the afternoon. At 4 o'clock it appe |
| 22 | Ollie met with the director.                              |
| 23 | Do you have any recollection of this meeting?             |
| 24 | A Well, I was over there an awful lot to go over          |

# UNCKABSSELERET

| rehash | of | the | meetings | in | Frankfurt. |
|--------|----|-----|----------|----|------------|
|--------|----|-----|----------|----|------------|

- Q If you recall, did you participate in the meeting with the director?
  - A (No audible response.)
- Q On Friday, October 31st, it appears -- well, let me go to Saturday, November 1st. It indicates at 4 o'clock, Colonel North leaves for London. This would have been right after the Frankfurt trip. Did you go -- you didn't go to London with him, did you?
  - A No.
  - Q Do you know why he went to London?
  - A No.
  - Q And --
- A Might have been to meet Nir. I remember Nir at one meeting we had saying it was easier for him to get to London than it was to get to Frankfurt.
- Q Similarly he leaves -- when I say he, I am referring to Colonel North, leaves on November 5th for Geneva at 4:45.

  Did you accompany him on this trip to Geneva?
- A Yes. I don't think we went on the sme plane.

  Maybe we did. But that was the trip where we went to see if there was anything to be rescued. It was very difficult, because they had -- in the hotel they had CNN and his picture was on every half an hour. So we had to stay in the room.
  - Q Now we are really up to the time period where --

# unclassified.

bp-23

## UNDORSSHORET

|   | I am up to Thursday, November 13, which as you remarked earli |
|---|---|
|   | was the day of the President's speech. It appears that you    |
| - | and Secord at approximately 3:15 are present to have a        |
| ı | meeting with North. Is that in order to prepare the speech?   |
|   | A No. That came earlier.                                      |
| ı |   |

- Q That was earlier?
- A Yes. What we did at that time is we had this secure voice thing on which I called Tehran.
  - Q What was the purpose of that call?

A I wish you hadn't asked that. I have a hard time remembering at the moment. It was we were trying to maintain communications with the were talking to one of this is the guy that I actually amintained contact with. As I recall, the secure voice didn't work well at all.

In fact, I think we left and went out to Dick's house to see if we could work it from there. We couldn't get it any better. It was vice-versa. We tried to do it first at Dick's house, and then came back to the office, because we couldn't do it there. It was just trying to keep the channel open.

- Q You earlier started to describe that you had had a role in the preparation of the President's speech.
- A What we did is put together a lot of material for the speech writers. In other words, we put together something

JNCTASZIEJĘĎ

bp-24

# TOP SECRET

171

that the speech writers then boiled down into the President's speech.

Q By this time, had the preparation of a chronology begun?

A I think it had. I forget the dates on the chronology. I worked on the chronology, too, after March 5th.

I didn't do anything before March 5th.

Q Who all was present and helped to draft the speech? I shouldn't say helped draft it. Who else was present?

A McFarlane was there, Howie Teicher, myself, of course Ollie was there. The secretaries were there, and also his deputy, Colonel -- what is his name?

- Q There were two that worked there, Coy and Earl.
- Q Earl. I don't think Craig was working on that or on the Chronology.
- Q Was your role in this speech preparation primarily fact-development, I take it?

A Yes. Going over -- we were trying to put together everything that happened. I was putting in for my part, my recollections and notes. Fortunately the speech writers threw everything out.

Q I was about to comment, but I decided not to.

There are almost no facts in the speech. So I am not sure
what exact role you played. I hope you didn't work very hard

### UNCLASSIFIED.

3

1

5 6 7

9

10

11 12

13 14

15

16

17

18

19 20

21

22

23

# TOP SECRET

| on | it |
|----|----|
|    |    |

|      | A  | We didn't. | This ma | y be | when | we | were | really | working |
|------|----|------------|---------|------|------|----|------|--------|---------|
| hard | On | the        |         |      |      |    |      |        |         |

Q He is referring to Wednesday, November 19th.

Mr. Cave is reflecting an item at 2:15. This was also the
day to jog your memory that the President had a press
conference.

A Yes. I think we also went to -- we also had a meeting with Poindexter on that day.

Q It actually looks like it is reflected around 3:30 or so.

A Because a lot of people came over from, I think, Gates was there and Casey and Clair George.

MR. LEON:

THE WITNESS: He was there.

BY MR. EGGLESTON:

Q Who is

A He is sort of the executive director of the DDO's office.

Q Was there anybody from -- do you recall was there anybody from the Department of Justice there?

A No.

Q Chuck Cooper, Ed Meete, anybody?

A No.

Q What happened at that meeting?



bp-26

## UNPPASSIFIEDT

A This was a meeting in which basically we were discussing what can be preserved, if anything. And how do we handle it. I think things were changing so fast then that you decide on one thing one day and the next day it no longer obtained anyway. But you -- what would happen is would go to these meetings, get all charged up, read the Washington Post the next morning and forget about the meeting.

Q One of the things that I recall happening after the press conference or at the press conference is the President was asked about participation of a third country, and I think he initially commented there had been no third country participation and immediately there had to be a correction.

Was there any discussion at this meeting about how to handle a third country type question?

A There was one thing that disturbed me: the one thing that I recall is that I talked to Ollie about the press conference. He said, "Well, Poindexter and Regan had the President on questions." I said, "What the hell do they know about it? We should have been in there throwing questions at him. We could have asked far more embarrassing questions than those two." That is the one thing I recall.

Nothing much was accomplished in this meeting.



p-27

174

| 1  | Q On Thursday, November 20, there is an indication          |
|----|---|
| 2  | at 1:30 that says, "JMP" which stands for Poindexter, DRI,  |
| 3  | Casey, and Cave had a meeting. Apparently with Ollie. At    |
| 4  | least it is on <b>fits eale</b> ndar.                       |
| 5  | A : I don't think that took place.                          |
| 6  | Q You don't think it took place?                            |
| 7  | A No. It might have taken place outwait a minute.           |
| 8  | It might have taken place out at headquarters, because we   |
| 9  | had a meeting out there to discuss things in preparation    |
| 10 | for the NSPG meeting, which was on the 24th.                |
| 11 | Q Right. Well, the next thing that happenes is              |
| 12 | the next day Casey begins to testify. Did you have any role |
| 13 | in preparing Casey's testimony? Casey testifies on the      |
| 14 | 21st.   |
| 15 | A Yes. Is this the SSCI testimony?                          |
| 16 | Q Both. I think he testifies in the morning before          |
| 17 | HPSCI and in the afternoon before SSCI.                     |
| 18 | A Yes. I did go over some of the things with him            |
| 19 | and answer questions that he had. I don't recall the        |
| 20 | specific questions. He asked me something, and I would say  |
| 21 | here is what happened.                                      |
| 22 | Q Was there a prep session where he was bombarded           |
| 23 | with questions?   |

unclassified...

23

24

25

No.

No?

bp-28

# UNCLASSIFIEDT

I recall. He always felt very confident

175

| 2  | when he came up on the hill.                                   |
|----|--|
| 3  | Q He didn't feel the need for these prep sessions?             |
| 4  | A No.  |
| 5  | Q Did I take it the first that you had learned                 |
| 6  | that there was a suggestion of a diversion was about noon      |
| 7  | on the 25th during the course of the press conference?         |
| 8  | I don't mean suggestion. Obviously, you had some thoughts,     |
| 9  | but did you know   |
| 10 | A I was getting to be pretty suspicious that maybe,            |
| 11 | but by that time. In fact, when Meese made his statement       |
| 12 | I couldn't believe it because going back in my mind, I         |
| 13 | didn't see where they could have found that much money; not    |
| 14 | when you are dealing with people like Cherbanifar and Khashogo |
| 15 | They were not going to let you get away with that much money.  |
| 16 | Q So your reaction was the amounts it was possible,            |
| 17 | but the amounts were too large?                                |
| 18 | A Yes.   |
| 19 | Q Did you at any time during this sort of two-week             |
| 20 | time period in late November discuss with Ollie whether or     |
| 21 | not there might have been a diversion?                         |
| 22 | A No.  |
| 23 | Q And do you recall when the last time was that you            |
| 24 | talked to North?   |
| 25 | A I talked to him sometime around Christmas. He just           |

UNCLASSIFIED

bp-29

1 2

3 4

5 6

7

8

9

176

called to wish me a merry Christi

He called you?

I think it was that way. I called him once, then right after New Year's, asked him how he was. That was all. We didn't talk about anything.

Mr. Cave, I think I have exhausted myself, if not you. I thank you for answering all these questions.

THE WITNESS: I am getting my second wind. Can I get a drink of water?

(Recess.)

#### EXAMINATION

BY MR. LEON:

I just have some questions. I hate to have to bring you back to events you have already covered, but there were certain questions that occurred to me as you were going along I would like to ask you about. Bear with me, if you will.

I tried to note them on my note pad here. I noticed in Mr. North's calendar on April 18, which was shortly after you got involved in all of this -- maybe the 24th. Wrong date. Excuse me. April 24th. It was a Thursday. There was a meeting supposedly between you and Ollie North and a person remain



we you recall that meeting,

ASSIEIED

nd #4

10 11

12

13 14

15

16

17

18

19

20

21 22

23

24

bp

1

2

3

5

6

7

8

9

10

11

12

13

177

what was the purpose of it? if so, what was

- I think that was -- we had gotten additional Remember, there was still the possibility that Ollie North and I would go in with Ghorbanifar separately.
  - Yes.
  - The agency was pretty negative on that.
  - About?
  - About us going in separately ahead of time.
  - Why was that? For security reasons?
- Yes. We didn't know what we were getting into. We weren't certain what we were going to get into. was a kind of reluctance. I thought it was a pretty good idea.
- Who in particular at the agency was -- was Mr. Casey having an opinion on that subject?
- No. But Clair George had a my mative opinion Also, I think we had pretty much that time finalized what we would be able to obtain of the Hawk spares. That was part of the discussion.
  - What was that? What had you concluded?
- We were able to say here is the finalized list of what we would be able to ship.

  - Who is

    He is the assistant deputy director for operations.
  - to a that time?

23 25

bр

## UNCEASSIFE RET

178

| - 1 |   |  |  |
|-----|---|--|--|
| - 1 |   |  |  |
|     | , |  |  |
| - 1 |   |  |  |
| - 1 |   |  |  |
| •   |   |  |  |

A Clair George.

Q When was it that you first realized that McFarlane would be going along to Tehran? Would it have been after this date?

6

2

3

5

A I think it was before this date. It was sometime after we came back from the March visit that North told me that McFarlane -- if the group went, there would be McFarlane.

8

Q What was the reason for why McFarlane would be going at all. He was no longer a member of the U.S. Government?

10 11

A I think they wanted it this way.

It is pretty soon after we came back from Paris.

12 13

Q Who is they?

14

A The NSC. They wanted to send someone of great

15 16

it would have been one thing to send a current serving

stature, but who was not a U.S. official. In other words,

17

senior official, and another thing to send one who is basically a private citizen.

18

Was anybody else considered, private citizen?

19 20

Not that I know. I don't know.

21

Q Did you meet and talk to McFarlane about his going at any point?

22

A Yes. We had one meeting. I had one meeting with

23 24 25

him before we went.

Q Was that the one at his office?

UNCLASSIFIED

| 1 |  |
|---|--|
|   |  |
| 2 |  |

. 

 Q That you mentioned? Who was it, if you can !!!!!!!!!!!!!!!
recall? Who was also there?

A and I went down to see him.

The one at his office.

Q What was the agency's attitude at that time about sending a former national security advisor to the President to a place where if he was captured in light of what had happened to our chief of station in Lebonon, might be in a position where secrets might become jeopardized?

A That is true. There was a lot of soul-searching and hand-massaging over the whole thing.

Q By who?

A Casey was very concerned. Clair George was extremely concerned. As things began to unfold and I learned more and more, I had some concerns, but I thought knowing what I know about Iran and Iranians, I thought we could get in and out all right.

- Q Was it viewed by Casey as a great risk?
- A Considerable risk. In fact, as I mentioned to you, he put it up to me whether we go or not.
- Q What was North's attitude with respect to the risk dimension of it?

A I don't think Colonel North ever considers risk in anything. He is a -- very forward -- a very forward leaning, full of initiative.

UNCLASSIERED.

bр

### THIS RESULTED

| • | • | • |
|---|---|---|

| ٠, | windt was you           |
|----|-------------------------|
| 2  | the risk, or assessment |
| 3  | A Well, he was          |
| 4  | He is a good American.  |
| 5  | in chief tells him to d |
| 6  | Q Did you have          |
| 7  | has contacted him about |
| 8  | A My understand         |
| 9  | behest of the President |
| 10 | Q Do you have a         |
| 11 | the President to discus |
| 12 | A I think there         |
| 13 | before we left, yes.    |
| 14 | Q No. I under           |
| 15 | A Yes. I thou           |
| 16 | with the President show |
| 17 | Q In March of           |
| 18 | brought into the pictur |
| 19 | on the contrast took p  |
| 20 | I don't know            |
| 21 | major legislative effor |
| 22 | It was a major legisla  |
| 23 | any discussions with Co |
| 24 | the vote either before  |

25

Q What was your assessment of McFarlane's version of the risk, or assessment of risk?

A Well, he was going at the behest of the President.

He is a good American. He will do whatever the commander

in chief tells him to do.

Q Did you have any reason to believe the President has contacted him about it?

A My understanding was, yes, he was going at the

Q Do you have any knowledge of whether he met with the President to discuss this?

A I think there was reference to a meeting shortly before we left, yes. I can't swear to that.

Q No. I understand. Did North ever represent to you--

A Yes. I thought that he and Colonel North met with the President shortly before we left.

Q In March of 1986, shortly after you got involved, brought into the picture, the hundred-million-dollar vote on the contrast took place.

I don't know if you can recall that, but it was a major legislative effort. Wednesday, March 19 was the vote. It was a major legislative push on contra aid. Can you recall any discussions with Colonel North regarding his efforts on the vote either before or after it was successful?

A We had -- there were meetings that had to be



bp

#### 

# TOP SECRET

181 ,

rescheduled because he was working hard on the vote. That is about my basic recollection. He was working around the clock on the vote, that I know.

- Q Did he express to you that -- anything about the state of affairs of the contras at that time in terms of their funding and supplies?
  - A No.
- Q Any indication they were in bad need of money for weapons and arms?
- A I don't recall any specific thing that he said.

  We never really talked about the contras very much. I

  mean, you can't be around Ollie without knowing it is one,

  of his overriding interests, but, you know, as far as I am

  concerned, Latin America is on the moon.
- Q I take it that you are right about it, you can't be around him much that it doesn't come up, but how does it come up? Does he just spontaneously start talking?
- A No. When it comes up, in questions like -- I went to his office once. There was a priest there. He just said --
  - O Father Desing
- A I forget the guy's name. He introduced me to him. He said in passing he is the priest for the contras. He was in his office once. Things like that would happen. He would never go into any great detail.

#5AA

emm-1

UNCEASSIFIEDT

Q On May 9th, there was a meeting according to Mr. North's calendar, with yourself, Clair George.



- A There's something wrong.
- Q Any recollection of that?
- A We were in London on May 9.
- Q May 6?
- A He left to come back. He might have met with someone that I wasn't at the meeting.
- Q So far as you can recall, you didn't meet with him on May 9, Friday, May 9?

A He left -- that is when we were in London holding the meetings with Ghorbanifar, the 7th and 8th. I don't think I came back until the 10th. He came back early. So --

- Q Would it be possible that was there, at least in the states or in Washington, Clair George?
  - A Yes.
  - Q So you didn't attend any meeting?
- A I don't recall any meeting. I don't think
  I got back until the 10th. I came back from London
  on the afternoon flight.
- On May 13, there appears tobe a meeting between you and North and a

NCLASSIFIED

# INCLASSIFFET

his calendar. That's how it looks. I could be misreading.

Does it ring any bells at all?

\_\_\_\_

None. None whatsoever.

A Are you sure that's me?

 $$\operatorname{MR}.$$  PEARLINE: It doesn't look like his name there.

THE WITNESS: Looks like National something.

Oh, up above it. Oh, 1:30. That is probably -- I was over at Ollie's after this thing started to get moving quite frequently, just to talk to him briefly on various things. I'm sure this had to do with the upcoming trip to Teheran. We had several meetings. Probably other meetings aren't even listed on here.

I saw him very frequently during that period after we got back from London and before we went to Teheran.

BY MR. LEON:

Q Okay. You don't know anyone named

A No.

Q How about someone named Oakley?

A Oh, yes. Oakley is the State Department's -the head of what -- their ambassador for counterterrorism
at that time. But he wasn't involved. What is the date

# TOP SECTED T

184

1 on that?

Q Well, let's see. May 22md.

A He was probably seeing Oakley on terrorism matters.

Q Then after that he met a

Do you know him?

A Q

Q Then a Colonel Zur?

A Colonel Nir?

Q No. Looks like Z-u-r.

A No.

A No. Don't ring any bells with me.

Q When you were in Iran and they told you the first they were pretty sure they could get two hostages out, but they weren't certain, and it started to appear to you that they didn't have as much control over the kidnappers as you thought they might have, did you

feel it was a set-up?

A No.

there's two different

communities in Lebanon. There is the street of the Bekaa

Valley and the Street of the south. The guys in the Bekaa

UNCLASSIFIED

7

2

3

4

5

9

10

11

12

13

14 15

16

17

18

19

20

21

22

23

### UNCEASSFREET

 there always peen skeptical of the formation

positions on control -- on Iranian control over the hostage takers for that reason. This was fortified when we got to Teheran.

But I did believe that they had enough influence where they could get two released, which they it thought we were getting closer to the truth in the matter. This is the position I took with Casey when we got back.

Q What did you feel situation was at that time when you learned there were going to be trouble getting two hostages out?

A He was very worried. He was responsible for us coming in and for us to leave without anything happening would not redound to his political benefit.

Q Was it your sense that he was -- that he felt betrayed or that he was in some way duped?

INCLASSIFIED

## UNCHASSICIEDT

A He was very mad at -- along with the other witness Ghorbanifar. When they started showing me these letters Ghorbanifar had written, you know, he was madd. We said, Don't blame it on us; it is not a U.S. Government position; it is a Ghorbanifar position. We will tell you what our position is.

Q Did you have any sense at the outset of this operation, Mr. Cave, that while it was an NSC operation, as you pointed out, that State and the Department of Defense had been specifically excluded from knowing about it?

A Not the Department of Defense. The Department of Defense played a role in this. There were several people in the Department of Defense who were briefed.

I found it odd that State didn't get it. Was cut out. That was a decision made by the NEC. Charlie Allen was specifically told to limit dissemination.

- Q Do you know who told him that?
- A Yes. That came from the NSC . Came from Poindexter's office.
  - Q And did Charlie tell you that himself?
- A Oh, fes. But McFarlane swore that he kept the Secretary of State fully briefed on everything

### UNCLASSIFIED.

## INCEASTEREDT

|   | that | transpired | up | to | the | time | <br>while | he | was | - |
|---|------|------------|----|----|-----|------|-----------|----|-----|---|
| ш |      |            |    |    |     |      |           |    |     |   |

- Q Up to the May trip?
- A Up until the time that he left, resigned.
- Q Okay.
- A You know, as I told you, I talked to Poindexter on the specific subject only the 24th of September and he told me that he was going to call Secretary Shultz immediately and brief him.
  - 'Q You don't know if that ever happened?
- A I don't know. From that point on, my assumption was that State was fully aware of what was transpiring.
- Q Do you know a Colonel named Moshe, \* o-s-h-e, Zur, Z-u-r?
  - A No.
- Q Do you know about his meeting with North on July-10?
  - A No.
- On the July 17 meeting you testified to before, on Colonel North's calendar, there is a person referred to as Abe. Would that be Hakim?
  - A Hakim, yes.
- Q When you were in Frankfurt, on July 27, around that time frame, were you aware of any efforts on the part of North to contact the Vice President?
  - A No. The only time the Vice President came up

# TOP SECRET

188

that I can recall is when he was in Tel Aviv. I don't know if that occurred at that time.

What he wanted was for Nir to be able to see the Vice President, present his case.

- What was your understanding as to the reasons why North was trying to set up a meeting between Nir and the Vice President?
- I don't fully know. I never saw a memorandum of the meeting after it took place.
- Were you told by either Nir or North before the meeting took place between the Vice President and Nir that they were trying to set it up?
- Yes. I was aware they were trying to set up the meeting.
- Was it your impression they were trying to set it up in order to have Nir enlist the support of the Vice President?
  - That was my -- yes. That was my understanding.
  - To keep this operation going?
- To keep the thing going. Because of the fact we were getting Jenco, I guess it was at that time. But I never saw any result of the meeting. I never saw a memorandum based on it.
- Did either North or Nir ever comment to you later how that meeting went?

7

11

14

19

20

23

# CHC PASSIFIED

1 2

| A | 1 | don t | . recarr | any | specific | commencs, | no. |
|---|---|-------|----------|-----|----------|-----------|-----|
|   |   |       |          |     |          |           |     |

Q Were you aware of North trying to have the Vice President meet with Jenco in Frankfurt?

A No. I sort of stayed out of the hostage -- I
was never involved in any of the briefings or anything
like that. And specifically asked to be kept out of it.

Q Do you have any knowledge of a \$7 million deposit being made into a numbered Swiss account on September 26, 1986?

- A No.
- Q By Nir or anybody else?
- A No. September 26?

Q Yes. So far as you knew, on September 26, there was no definite understanding as to another shipment to be made in the future; was there?

A No. We had agreed that we would consider, and said okay, he is going to look to make sure they can get the hostages released. That is where, as far as I was concerned, it was left. We didn't get into the more detailed discussion until the Frankfurt meeting.

Q You want to Geneva with North, what, at least once?

A We had the meeting in November. Meeting in November, yes.

Q Did you ever meet a person in Geneva named

### ŊĸĊſŧŹŹĨĿſĔďŸ

# RPLASSIFIED

190

| Will | iam | Zucker | : |
|------|-----|--------|---|
|------|-----|--------|---|

- No.
- Did you know him?
- I knew who he was. I think he was in some way associated with Hakim in business.
- What else do you know about him, if you know anything?
  - Nothing. He's a Swiss national, I gather.
- Do you have any knowledge of him providing money to Colonel Dutton at any time in relationship to the shipment of arms in October?
- No. I think the only reason I knew who he was is we came down to the lobby, and Hakim was talking to a man and I think it was -- Ollie said, That's William That's my knowledge of him. Zucker.
  - That was where?
  - This was in Geneva.
  - Do you know where it was? In a hotel?
    - In the Intercon Hotel.
- When you were in Switzerland, do you have any Q knowledge of North or anybody on his behalf trying to contact the ambassador, Faith Whittles
  - No.
- Have you ever heard her name come up in the context --

UNCLASSIFIED

22

23

UNPLASSIFIED

| 1  |   |
|----|---|
| 2  |   |
| 3  |   |
| 4  |   |
| 5  |   |
| 6  |   |
| 7  |   |
| 8  |   |
| 9  |   |
| 10 |   |
| 11 |   |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 | ı |

20

21

22

23

24

25

| Α | What | was | her | name | aga | in? |
|---|------|-----|-----|------|-----|-----|
|---|------|-----|-----|------|-----|-----|

- Q Faith Whittlesey, ambassador to Switzerland.
- A No.
- Q You talked earlier about the first meeting where Second was present and directly involved in what you considered to be a substantive discussion with the second channel.

Were you surprised to see him present at that meeting?

A Well, I consider myself an experienced operations officer. It is always a mistake to mix apples and oranges. But I think that the rationale for it is Colonel North relied heavily on General Second. He really thought highly of him.

My understanding is that Second at one point saved his life. I don't know if that's an apocryphal story or not.

- Q Do you have any more facts about that story?
- A No. I just heard when they were both in Vietnam, Second saved his life. Whether it is true or not, I don't know.
- Q How about Dutton? Had you heard anything about Dutton's relationship to Second and North?
- A The only point where that ever came up was when we were having the meetings in Hakim's offices out

#### UNCLASSIEUED.

# TOPLASSAFED

| 4 | 1   |
|---|-----|
| • | 1   |
|   | 1   |
|   | - 1 |

 at Seven Corners.

Dutton was introduced to me. And after a long session, was kindly obligate by mixing a martini.

I think Dick Secord said that Dutton had been in Iran

Q. He worked for Secord in Iran?

A In Iran, right.

Q But you had never met him

A No. I think I had actually been -- the same day when I first went out there, Hakim introduced me to Dutton, said he was one of his best employees.

Q At one point Mr. Eggleston was asking you questions about the September 22nd through September 24th time frame.

A Yes.

Q On the 22nd, I believe you were talking about a meeting between North and Casey. Then on the 24th, it was a meeting between Poindexter, Casey, yourself, and

A I think Clair George was also there.

Q Clair George? That was on that occasion that Poindexter said, I am going to call Shultz right away?

A I specifically brought that up with him, because we had already -- I had brought it up with

UNCLASSIFIED

UNCLASSIFIEDT

| who | bro | ught | it  | up  | with | Colonel | North, | who | said, | Yes, | h |
|-----|-----|------|-----|-----|------|---------|--------|-----|-------|------|---|
| sho | uld | be b | rou | ght | in.  |         |        |     |       |      |   |

I emphasized that point with Poindexter at the 24th September meeting. His response was, I'm going to call Secretary Shultz right away.

- Q And these discussions concerned the hostages being released and the second channel?
- A Basically the second channel. It looked very promising.
- Q Between North's discussion with Casey on the 22nd, which was a Monday, and on the 24th when there was the meeting with Casey, yourself and Poindexter, North flew to London the 23rd, in between those two days.

  Did you go with him to London?
  - A No.
  - Q Do you know why he went to London?
  - A No.
- Q Do you know anyone who might have gone with him?

A I don't know, no.

end 5AA emm

UNCLASSIFIED

#5X magl TOP SECRET

194

1 calendar indicates he 2 met with a person. I would like to know if you know who 3 this is -- Bahman Maalizadeh. Yes. 5 B-A-H-M-A-N --6 He works here. 7 -- is the first name. The second is M-A-A-L-I-Z-8 A-D-E-H. 9 Maalizadeh. He works for Senator Helms. Α 10 He does? 11 I don't know him personally. 12 You don't know why they met or what happened 13 at the meeting? 14 I don't recall Ollie ever saying anything about 15 it. 16 Mr. Eggleston asked you about the 14th of That was the day where you are penciled in at a 17 meeting at 4:30 and the DCI at 4:00 o'clock. 18 I couldn't recall if he asked if you were there 19 when Mr. Casey appeared or not? 20 21 What is the date of that meeting? October 14. It was a Tuesday. Supposedly, there 22 was a meeting at 4:00 o'clock with Casey, Paul Hanley, 23 Syria Terr -- T-E-R-R -- and Britt Threat -- T-H-R-E-A-T --24 in the White Ho 25

|    | "          | 1 wash t at that meterny, no.                     |
|----|------------|---|
| 2  | Q          | You weren't at that meeting?                      |
| 3  | A          | No.   |
| 4  | Q          | Did you go with North on the 22nd, Wednesday,     |
| 5  | October 22 | 2nd, to Geneva?                                   |
| 6  | A          | No.   |
| 7  | Q          | You didn't go on that trip with him?              |
| 8  |            | Have you ever heard of a person named Mark Durpis |
| 9  | D-U-P-R-I- | -s?   |
| 10 | A          | Mark Dupris?                                      |
| 11 | Q          | Yes.  |
| 12 | A          | The only Dupris I know is the guy that is the     |
| 13 | expert on  | Afghanistan, but his name isn't Mark.             |
| 14 | Q          | How about on his calendar for that day in         |
| 15 | Geneva? I  | He is supposed to meet with                       |
| 16 |            | Have you ever heard of that?                      |
| 17 | . А        | Who?  |
| 18 | Q          |   |
| 19 | A          | Sounds like an organization DDI would use.        |
| 20 |            | No, never heard of it.                            |
| 21 | Q          | How about a person named Gerald Keilson? K-E-I-L  |
| 22 | s-0-N.     |   |
| 23 | A          | No.   |
| 24 | ٥          | On November 19, Mr. Eggleston asked you about you |
| 25 | meetings   | that day with Ollie and and then, of              |
|    | 1          | UNCLASSIERE                                       |
|    |            |   |

UNCLASSIFYEDET

19,6

course, there was the DOJ meeting at 4:00 o'clock with Casey and Gates.

On North's calendar, you were scheduled to arrive at 2:15 and the meeting with the whole group to go over the DOJ preparation wasn't until 4:00.

Can you recall, first of all, whether you did meet with him for an hour and a half before that meeting?

A I think we were working on the chronology. The speech was on the 13th, right? November 13th?

Q. That was the speech. The press conference was that night, the 19th.

A We were working on the chronology, I believe, that day. I am pretty sure. There was one day we spent whole long time working on the chronology.

Q I think you told Mr. Eggleston that on the 24th, that even though you are scheduled here for a meeting at North's office with Casey, yourself and Poindexter and North, that you don't recall it taking place.

- A The 24th of November?
- Q Right. The day before Ollie was discharged.
- A No, I don't think so. On the 24th of November,

  I went from the agency with Casey to the NSPG meeting.
  - Q Which was that afternoon?
  - A That afternoon.
  - So, were you out at the agency that day?

UNCLASSIFIED

Were you aware that if Furmark met with Casey

Yes.

1

2

3 that day at the agency? 4 I think so. 5 Do you know what time the meeting was? 6 Was it that day? 7 That is what I am asking you. 8 He came -- one of those days, but I thought he 9 came late at night. 10 I believe they met the 24th. 11 There was one day -- I was told to stay --12 Furmark was coming in. Casey's old executive office director 13 up there said Furmark was coming in. I can't remember whether it was the 24th or not. 14 15 Did you say Casey's office director? Yes. He has an executive director, McCullough. 16 17 Tell us what he said to you. I was talking to him about we were doing our own 18 chronology, getting ready for subsequent testimony, and he 19 mentioned to me that Furmark is coming in. I guess it was 20 that afternoon. Maybe it was that afternoon. I saw 21 Furmark, but he didn't see me. 22 What happened? 23 I can't swear to the date. 24 to the NSPG meeting? 25

# UNCEASSIFIEDT

|   | 30  |
|---|-----|
| Α | Yes |

- Q So, you remember being at the agency on the 24th?
- A That is right.
- You remember seeing him at the agency, Furmark?
- A I can't swear it was on the 24th. I remember seeing him some time in those days there.
- Q Did the director ever mention to you his meeting with Furmark that day?
- A I don't recall him specifically saying anything about that visit. I don't think he called me in. He might have talked to Gates and Charlie Allen about it, but I don't think he specifically called me in to brief me on what Furmark had said.
  - Q Let's follow it through a second.

If you did go with the director to the NSPG meeting from Langley and he had already met with Furmark and they had discussed the events that you have previously recounted, wouldn't it be likely that the director would bring it to your attention that he had met with Furmark?

- A He did not on that trip. On that trip we were going over his opening statements he was going to make to the NSPG meeting.
  - Q But you do recall seeing Furmark out there?
- A I recall seeing Furmark during that period of time.

  I can't swear it was on the 24th. I know I saw him coming

### INCLASSIFIED\_\_

### UNCEASSAFIEDT

to visit Casey.

Q Were you at Langley the next day?

A I don't know. I don't go in unless I have something specifically to do. I would rather play golf. I am not trying to mislead you. I just don't recall -- I recall seeing Furmark going into Casey's office when I was talking to Jim McCullough. But I don't recall a specific date.

Q Do you have any recollection of Casey every telling you after that time period that he had met with Furmark and Furmark again had made accusations that Khashoggi was being --

A I recall there was one period after that that he said that he was very much concerned because according to Furmark, these people were going to bring a case, were going to file a -- file suit in New York.

Q And did Casey ever mention to you calling Chuck Cooper at the Department of Justice about that meeting?

A No.

MR. LEON: Thank you very much. It was nice meeting you, Mr. Cave.

I have to run to something else.

MR. VAN CLEVE: For the record, to introduce myself, I am George Van Cleve. I am Chief Minority Counsel UNCLASSIFIED

# UNCLASSIFIED

with the House committee. I have not been able to attend except for a short period the earlier course of the deposition. I am going to try not to go over ground you have already been asked about. There may be one or two places where I do that. It is unintentional. I am not trying to get you to give me a different version of something you have already talked about.

EXAMINATION BY MR. VAN CLEVE, COUNSEL FOR THE HOUSE SELECT

BY MR. VAN CLEVE:

Q I have a couple of, I guess, specific factual questions. Let me just try to get into them in a reasonable sort of chronological order.

As far as I know, based on your prior testimony before us today and on prior occasions, you were not involved in any way in the November 1985 shipment of Hawks; is that correct?

- A That is correct.
- Q At any time during 1986, did any of the participants in these transactions describe the November 1985 shipment of Hawks to you?
  - A Charlie Allen did.
  - Q If so, what did he say about it?

### UNCLASSIEIED

## UNIX ASSIFIED

A It was mainly after the fact. One of the big concerns is when these things arrive in Israel -- in Tehran, the Star of David was on nine of the 18 Bawks, and the fact that the Iranians didn't accept them, they were the wrong models. They had to be picked up and returned subsequently to Israel.

But I was unaware of any detailed -- I knew no details about either the September or November shipment until after everything came out.

- Q When you say "everything came out," you mean the disclosure?
  - A The disclosures.
- Q Your conversation with Allen actually took place after those disclosures?

A No. It actually took place -- the revelations in the press hadn't occurred, but I was told -- when I was briefed in, I was told there had been a shipment in September of 500 TOWs by the Israelies and that in November the NSC had arranged for -- with Israel for the shipment of 18 Hawk missiles, but I -- no great details. I never bothered reading anything on it.

Q This is the conversation with Allen you were just referring to?

A Allen, and also mentioned it to me when he briefed me in.

MCLASSIFIED

# TELETER A SON

Can you recall anything else they might have said to you at that time about the November shipment?

Just that we played a role in using our proprietary to ship it in. An attempt by the Israelies had failed. to ship it via

But I was not interested in any details, anyway. That was past history.

82-692 0765

UNCLASSIFIED

#9A magl

UNIOR ASSOCIATION

Q I understand. But it occurs to me when you were being briefed into what is obviously a fairly complex and relatively sensitive covert program, that knowing something about the prior history is of considerable use.

Would I be mistaken in that opinion?

A Well, the agency's involvement was -- there was no agency involvement in the September shipment, and the only involvement we had in the November shipment, to my knowledge, anyway, is our proprietary was used.

We were told we were shipping oil field equipment.

- Q Were you told that at the time?
- A At the time I was briefed? Yes, we were told this was oil field equipment we were shipping in.
- Q Can you remember in any greater detail precisely what you were told on that subject when you were briefed in this, I quess, March of 1986?

A The only thing I can recall being told is the first instance that we got involved was when we were asked by North to arrange for clearance for a flight that didn't go through.

Then we were asked by North if we would supply a reliable airline to fly some cargo for humanitarian purposes. The cargo was described as being oil field equipment, and the problem evolved when the crew, after the stuff was loaded on the plane, took off, determined that it

UNCLASSIFIED

mag2

UNGASSIGRET

204

wasn't oil field equipment they were carrying.

They were -- I think the crew thought it was artillery.

- Do you recall --
- But that was about the end of my -- the brief.
- You don't recall anything else that you were told about the prior negotiations?
  - On using our proprietary?
- More generally, about the nature of the shipments, who had been involved, stuff like that?

The only that came out in it is this was a request by North that was made, I think, first to Dewey Clarridge. I am not absolutely certain of that.

Then it went up to the ADDO's office, and John McMahon got involved in it, and eventually they were given the name of the proprietary and we contacted the proprietary to expect to be contacted to haul a cargo to Tehran.

But that is about the limit of my knowledge.

Of course, the problem comes out here -- a lot comes out in the press afterwards. You have a hard time separating what you learn after reading the Tower Commission report from what you were briefed at the time.

I know this is a subject that has been covered earlier today, but I do have a couple of additional questions about it.

UNCLASSIFIED

12

14

15

16

17

18

19

20

21

22

23

mag3

# UNCORSTIGEET

Could you explain as precisely as you can why it was that Colonel North and whoever else might have accompanied him -- you, for example -- did not go to Tehran for preparatory meetings prior to the trip in May of 1986?

A I think it was just simply because it was ruled out at a higher level.

Q On what basis?

A I honestly can't answer that. Too risky, I guess.

I gather at the NSC there was a lot of concern about what

might happen. The only word I got back on it from North is

that we can't go.

Q Were you aware that consideration had been given to alternative sites for the Tehran meetings?

A Oh, yes. Kish Island was the first one.

Q What is your understanding of why the United States agreed to hold the meetings in Tehran?

A Because the Iranians claimed it was the only place they could reasonably hold them where they could have the security and where they can maintain the operational security and we wouldn't raise that much curiosity.

They said Kish Island was impossible because the desalinization plant had broken down and the runway had not been used in years.

We suggested as an alternative Bandar Abbass.

They said we would stand out like sore thumbs and the only

UNCLASSIE ED\_

#### UNDASSIFIET

logical alternative was for us to first come to Tehran.

206

11 12 13

10

14 15 16

17 18

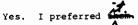
19 20

21 22

23 24 25

Were you aware that at least some of the American participants in these transactions regarded Kish Island

as the preferred site for the meetings?



- For security reasons?
- Yes, I regard it as a preferred site.

Did the justification given by the Iranians for not wanting to use Kish Island -- I don't want to characterize it, but at the same time, did it seem like a reasonable justification or is it the case the United States simply acceded to their requests that these be held in Tehran despite the risks?

I didn't think the justification was -- had any merit that the Iranians gave us for moving the site. I thought it could have been done on Kish Island. They didn' really raise much in the way of objections. We had every reason to believe that that runway was serviceable.

But the decision was made to go ahead with their demands that we come to Tehran.

- Can you say specifically who made that decision?
- No, I can't.
- In your view, based on what you know about the level of responsibility, could Colonel North have made that

#### UNCRSSICRET

type of decision?

I can't believe -- it would have had to go higher than him.

As I understand it, when Mr. McFarlane arrived in Tehran -- let me back up and try one other sort of related subject first.

You said that it is your understanding that the reason that there was no preparatory meetings in Tehran itself was concern over the security risks that are entailed.

Isn't it the case that the security risks from having Robert Mc Farlane present at Tehran meetings are. infinitely greater than the risks entailed by having Colonel North attend such meetings in Tehran?

I thought so. I thought that we would have been better off had we gone -- North and I had gone in first. But that is hindsight, as things developed.

I was very amenable to going in first. I thought it was a good idea. Both Colonel North and I thought it was a good idea, but not many other people apparently thought it was a very good idea.

How do you account for the willingness of the United States participants to take that level of risk?

I can only speak for myself on that. I weighed everything. I had a long talk with Casey about it. I said

2 3 4

1

5 6 7

8 9 10

11 12

13

14

15

16

17 18

19

20

21

22 23

mag6

# INCLASSED RET

from my knowledge of Iranians, and also from what I have learned and the fact that Ghorbanifar himself is taking a big risk and a big financial risk that I thought that the real risk to us while we were in Tehran was if it becomes public knowledge we are there and the radical faction decides to make something of it.

But I thought that even then they would make every attempt to get us out.

Q Were you aware that Colonel North has prepared three sets of press guidances with respect to this trip, and that they contemplated specifically the possibility that the party would become hostage to the Iranians?

A I was aware that he was doing something along these lines, but not that he had made three specific press quidances.

Q Are you aware of some reason why a private citizen other than Robert McFarlane could not have been adequately briefed and given responsibility for conducting the specific negotiations that he conducted and done equally well?

A I was given to believe that McFarlane was the choice of the President. Whether that is accurate or not, I don't know.

Q But are you aware of any reason -- and I am asking sort of for an expert opinion here. You have a lot of background knowledge about Iran. Are you aware of any reason

LAJII 22 ALIMU

mag7

#### UNCLASSIFIEDT

| why  | a   | capa  | bl | e p | riv | ate | citi | zen  | cou | 14   | not | have | been | ad | equat | el y |
|------|-----|-------|----|-----|-----|-----|------|------|-----|------|-----|------|------|----|-------|------|
| brie | efe | ed an | ıd | giv | en  | res | onsi | bili | ty  | for  | the | cond | luct | of | these | •    |
| nego | ti  | atio  | ns | an  | d d | one | equa | 11y  | wel | 1 at | the | job: | •    |    |       |      |

A Well, that is highly speculative. I can't give you any specific reasons.

Q I can be more specific in my question.

Is there anything Mr. McFarlane knew about Iran or about these negotiations that someone else either didn't know or couldn't possibly have been told that made him indispensable?

A I think part of the reason was since this was a highly secret initiative, McFarlane was aware of what transpired up until the time he resigned his office on December 12. Therefore, he is an ideal candidate since he knows what has transpired up to that date.

Q You were briefed in when you joined the operation, weren't you?

A Yes.

Q I assume that someone else could have been briefed in as well?

A But you would have had to add another body that knew about it.

Q Okay.

So, again, not just to be -- have the record be clear on this point -- is it your view that someone else

INCT VECTER

#### UNCLASSIFIET

could have done this job, some other private citizen?

A Oh, I suppose there are any number of private citizens that could have done the job.

Q Thank you.

I think I can do this on the record. I want to address a question not just to you but to my colleagues. This may be one of the areas you have already covered. I don't want to go back over this.

I wanted to ask about your specific understanding about the nature of the deal going into the Tehran trip in May 1986.

I believe you have previously covered that?

MR. EGGLESTON: It is my recollection I asked
him about sort of on each of the trips what was the understanding as of the end of that meeting, each of the
meetings, what was your understanding as of that meeting,
as of that meeting, as of that meeting. I may be wrong.

MR. WOODCOCK: I think that is right.

What you might want to do is if you have a specific question about perhaps an element of that deal as to whether Mr. Cave had an understanding, you might want to focus your question. He has given a general description of it.

MR. EGGLESTON: I am not sure I was focused on any particular. I wanted to elicit an understanding of

TATAL ASSIETED.

#### UNCLASSIEFEET

211

1 2

3

4

6 7

9

10 11

12 13

14

15 16

> 17 18

19

20 21

22 23

24 25 each stage.

MR. VAN CLEVE: I do have one specific question.

BY MR. VAN CLEVE:

Q It is my understanding that you held some direct telephone conversations with Iranian officials prior to the Tehran meeting. I believe those conversations would have occurred some time in late April, that they were conducted from Europe in the presence of Mr. Nir, Mr. North, Mr. Ghorbanifar.

- A There was only one. That was the 7th of May.
- Q The 7th of May?
- A Yes, that is when we met in London.
- You already talked about that?

MR. EGGLESTON: Yes.

MR. VAN CLEVE: I don't think I need to go over that ground.

BY MR. VAN CLEVE:

Q During the Tehran meetings themselves -- and again, this may be something that you have talked about, but I think I have a slightly different question to ask on this -- it is my understanding that the Iranians made a series of proposals.

Once it became clear that the original understanding with the Iranians for one reason or another had not come about, leaving aside the question of why that might

IINCHASCIFIFI

UNDEA 25/14/EAE.1

have occurred -- that is, the hostages had not been released -- it is my understanding the Iranians made a series of proposals to the United States with respect to how many hostages they might be able to release if the United States sent the rest of the spare parts and so on. Is that basically correct?

A Yes. We went in there with the understanding, of course, that all four of our hostages were going to be released.

It became quite apparent shortly after we arrived this wasn't going to be the case. They told us they could get two. They were negotiating for two.

A great deal of these changes had to do with the time factor as they saw it. They needed more time.

Finally, McFarlane gave them an ultimatum. They can have until tomorrow morning at 7:00. Otherwise, we are going to leave.

Q Now, I guess what I am trying to get at is it sounds as though they made a series of offers to him which were turned down without any question about whether that was good, bad, or indifferent.

The question I have is did he ever make them a counter offer?

A What we had -- what we did, in a long, non-ending series of negotiations, agree to a seven-point program which

UNCLASSIFIED...

#### UNCEASSIFIEDT

you have a copy of. And also as it became apparent they could only get two hostages, we focused on that.

The main concession that McFarlane made is that okay, if you deliver the two hostages, we will send in the rest of the <a href="Hawk">Hawk</a> spares.

They said okay. And then they went about trying to arrange -- and late -- the evening before -- they went out to see if they could do this. Late in the evening the day before we left, or actually early in the morning, they asked for time to get two -- the two hostages under their control and a guarantee from us that we would launch an aircraft with the rest of the Hawk spares within, you know, so many hours after the hostages were released, which we agreed.

Then McFarlane gave them until the following morning to obtain the release of the hostages.

Q Again, this may be a subject that you have covered this morning somewhat, but I wanted to ask you what were the precise circumstances surrounding the beginning of the second channel? Who approached whom?

MR. EGGLESTON: There was, George. Extensive.

MR. PEARLINE: That was extensively covered.

MR. VAN CLEVE: Okay. No point in going back over all of that.

LINCI ASSIFIED.

end

mag 17

#5B

#### UNCLASSIEUERET

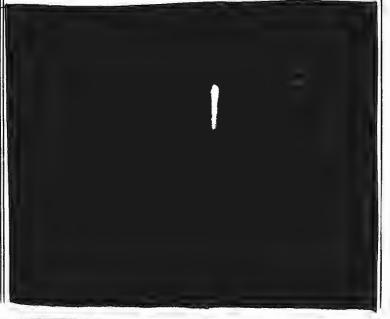
mas 1

 BY MR. VAN CLEVE:

Q I may have misheard something earlier but I wanted to ask this question. It's another factual question.

On November 20, there were -- 1986 -- there were a series of meetings at the White House, some of which you participated in. Were any Department of Justice officials present at any of those meetings?

A No.





PG 215

DENIED

IN

TOTAL

#5C magl

3 4

# UNCLASSABILITET

BY MR. VAN CLEVE:



A Now we -- I think that in the question of Ghorbanifar, you have to consider the way he develops his access to be able to accurately assess its value.

Ghorbanifar does everything -- he develops his access to people in the U.S. Government in the same way, to make money.

This was my great concern about our making use of it in that we knew he had the access but he was never truthful.

For instance, during the time that we had an operational relationship with him, he never told us anything about his association with the Israelies, which would have been nice to know.

Another thing is during the whole business of his relationship with us on this Iranian initiative, he never told us anything about his direct personal relationship with Ayatollah Montazerli, who is Khomeini's heir apparent, which had a lot to do with the whole thing coming undone.

So, when you want to suggest -- if you are looking -- is it better to do business with someone other than
Ghorbanifar, yes, I think, knowing that the Iranians were

UNCLASSIFIE

# UNCEAS STEACHER

did you

 interested, we could probably developed as we eventually did better access to the people we wanted to deal with.

If you go back to the record, Ghorbanifar spent an awful lot of time in all of our initial contacts trying to convince us this could be done through nobody but him who he knew this wasn't the case.

Q I appreciate that you have a low estimate of Mr. Ghorbanifar's reliability. I think that is fairly well known by this time.

But I was really trying to get at something different. That is what realistically were the alternatives available to the United States?

ever have a conversation with people at the agency where
you sort of said, gee, you know, and then you described
your personal opinion of Ghorbanifar, which is well known to
be very low -- don't we have alternatives? Don't you have
better sources?

A Yes, but the problem is that the agency was not picking the person to do this. This was an Israeli operation at the time. This did not become basically a U.S. operation until the fall of 1986.

All the initiatives were taken by Israel and Ghorbanifar.



| INDEASSIERE | Τ |
|-------------|---|
|-------------|---|

|   | - |     |       |
|---|---|-----|-------|
| 2 | Q | You | belie |

Q You believe in competitive analysis, don't you?

A In competitive analysis?

Q Right. Just as a principle, you believe in competitive analysis, don't you?

A Yes.

Q So, if the United States had a way of going around Ghorbanifar to someone with equally good access to the Iranian hierarchy, isn't it reasonable to assume we would have done that?

A You are asking me to speculate on something that is -- I don't even think is germane to the whole question we are tracing.

Q Well, I apologize, but I do think it is germane.

I can tell you that I want to pursue this subject.

TALL RESERVE

# UNDEASSKEIEDET

1 2 3 4 5 6 6 7 8 9 10 11 A during this period, -

Ghorbanifar's performance as an intelligence agency was virtually nil.

What he did feed us was highly inaccurate most of the time. So if you are judging him by the quality of the intelligence he produced, it is ritch.

TEMPERATEGE

#### UNCASHEFET

he decision had already

made to use Ghorbanifar when I came on board.

Q Let me just say as a layman, it looks to me as though the United States more or less made that decision because it had no alternative.

In other words, I quite accept your suggestion that we were using him because Israel wanted us to, but it also seems to me if we had had any practical alternative we probably would have chosen it.

After all, you put him on the burn list. Would that be a fair conclusion to draw from the course of events?

A You are going to have to go higher up the line than me to get a conclusion to a question like that. I wasn't part of the decision making process. I was told to do what I could to make it work.

MR. VAN CLEVE: Can we go off the record for a minute, please?

(Discussion off the record.)

 $$\operatorname{MR.}$$  VAN CLEVE: I have one more question for the record.

BY MR. VAN CLEVE:



EXAMINATION BY MR. WOODCOCK ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Mr. Cave, just for the record, I am Tim Woodcock, representing the Senate Select Committee.

I am here in my official capacity as an associate counsel on the committee, and pursuant to the mandate of the committee to pursue this matter within the parameters of the committee's resolution, and accordingly,

## UNCHASSIEIFET

this is an official inquiry of the committee.

You might want to remind him that on this end of the deposition, which is also being taken in conjunction with the House, that the witness is still under oath.

THE REPORTER: You are still under oath.

THE WITNESS: Yes.

BY MR. WOODCOCK:

Q I hope to be relatively brief. I have made marginal notes of questions here. There will be a certain probably logical lack of order to these. I am going to throw them out to you as I come across them.



INTELIZZIETE!

UNCLASSIEURET

MACI ASSIFIED...

PG 224
DENIED
IN
TOTAL

 UNITASSIFIEDT 225

Q In the Tower Commission report, there is a reference to the BTE saying that there was historical precedent for the sale of arms by Israel to Iran through the United States.

Do you know what he was talking about there? This would be December of 1985.

A I think he was probably referring to the

embassy case. One of the big bugaboos on that was the

Iranians insisting on the release of the embargoed arms

which, depending on who we listened to, was anywhere from

\$150- to \$350 worth of arms. This is what held it up.





PG 226
DENIED
IN
TOTAL

Anyone comment on that?

No. The only reason I put that in my notes is because it was money and it was Ghorbanifar.

- And the combination made you suspicious?
- Yes.
- Did Charlie Allen ever tell you that Ghorbanifar made a reference to the possible diversion of the profits of arms deals to Central America?

I don't recall anything at the time. that Charlie mentioned something after the fact. I recall him mentioning something, you know, Ghorbanifar

HAICLA COLERAL

#### **THE 28A SANT**

228

| said  | something | once | to | him | that | he | hadn't | paid | much |
|-------|-----------|------|----|-----|------|----|--------|------|------|
| atter | tion to.  |      |    |     |      |    |        |      |      |

- Q When you say "after the fact," you mean after this was all exposed?
- A After everything was all exposed. I don't remember him at the time he was seeing Ghorbanifar ever saying anything about diversion of funds.
- Q In the Ghorbanifar efforts to finance the #AWK transaction, did you ever become aware of his and Nir's approach to Tiny Rowland?
- A We became aware of that when Tiny Rewland checked in with the American embassy in London.
  - Q How did you become aware of that?
- A The State Department sent a cable. We saw a copy of it.
  - Q You at the Agency saw a copy of it?
  - A Yes.
- Q Did you ever raise this matter with either Nir or Ghorbanifar?
  - A No.
- Q You recall North or anyone else ever doing that?
  - A No. Was Nir involved?
- Q Well, you don't know then whether Nir was involved in that; is that correct?

#### IMPOUND CONTIED

2

4

9 10

11 12

13 14

15

16 17

18

19

20 21

. 22

23

25

### W6F48FFFT

229

| 1                    | A I thought it was Ghorbanifar and Khashoggi   |
|----------------------|--|
| 2                    | that brought it up, Tiny Rowland. I don't recall whether   |
| 3                    | Nir was could have been. I don't recall.   |
| 4                    | Q Your knowledge, I gather, would then derive  |
| 5                    | from the cable and wouldn't go beyond that; is that right?   |
| 6                    | A That's correct.  |
| 7                    | Q In your association with Ghorbanifar on this   |
| 6                    | on these negotiations, was there any involvement of the  |
| 9                    | hostage location task force?   |
| 10                   | A In what way?   |
| 11                   | Q Well, that's what I am asking you. In any  |
| 12                   | way?   |
| 13                   | A Well, there was always a great deal of   |
| 14                   | interest in trying to locate where the hostages were   |
| 15<br>16<br>17<br>18 |  |
| 19                   | So the hostage location force was very much  |
| 20                   | involved in this, in the location aspect of it.  |
| 21<br>22             |  |
|                      | the second section of the second section of the second section of the second section s |

HNCI ASSIFIFA-

So --

WOLASSIEHEDT

A But by and large, the hostage location force

nd emm 5D

INCLASSIFIED...

#### UNGEASSIEIEDET

mas 1 1

Q You testified that when you were brought on in early March, you had a meeting with and then a meeting with Charles Allen and a meeting with North all on the same day.

A Yes.



Q You said at one point that Nir kept a tight reign, and I am quoting you, "tight reign" on Ghorbanifar. What did you mean by that?

A Well, it was my impression from the dealings with North and Ghorbanifar, that Nir tried to keep Ghorbanifar

IMCLASSIFIE L.

#### UNCHASSIEIET

m2

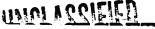
\_

under a very tight rein. For instance, when we met in Frankfurt in July, whether it was the 25th or 26th, we talked to Nir first. Then he arranged for Ghorbanifar to be brought in and talk to us.

Q Do I gather from what you are saying that what Nir was trying to do was to protect Ghorbanifar from you as an asset of the Israelis?

A I don't think so. I think what his concern was was that he had an awful lot riding on this person and also the Israelis politically. He wanted to make sure he was aware of everything that was going on.

- Q He wanted to make sure he wasn't cut out?
- A He was always keeping contact with Ghorbanifar and everything Ghorbanifar was doing.
- Q Were you aware that the Israelis were providing some assistance to Ghorbanifar during his period of financial difficulties?
  - A I assumed that.
  - Q You didn't know that?
- A But -- we assumed that involved in it but we didn't have any -- the only factual thing we had is that Nir was extremely interested in Ghorbanifar getting paid and that after the meeting with Furmark, when you had the two million bucks earmarked for Nir, we couldn't figure out what that was for.



m3

25

233

#### 1 You didn't learn that from Charlie Allen? 2 That --3 That the Israelis were helping Ghorbanifar 4 financially? 5 That was Charlie's speculation from everything he 6 could get. He used to talk on the phone to both Nir and 7 Ghorbanifar. He shared that with me. A lot of us felt 8 that -- we came to feel that Nir was providing a lot of 9 assistance to Ghorbanifar. 10 Did Charlie Allen tell you that he was taping some 11 of these conversations with Nir and Ghorbanifar, the 12 telephone conversations? With Ghorbanifar. Not that I knew with Nir. I 13 knew he taped -- he taped -- he had a tape recorder in his 14 office for taping conversations with Nir. Not with Nir, but 15 with Ghorbanifar. Excuse me. 16 Do you know whether he would do that invariably 17 or most of the time? 18 I think he tried to tape all the conversations 19 20 with Ghorbanifar. Do you know why he did that? Did he explain that 21 to you? 22 To make sure that he got everything. Much the 23 same reason that I taped the conversations with 24

that I could do the translation and give it to

# TEH RESALENT

m4

 Colonel North.

Q Did you ever listen to any of these tapes that Charlie Allen made of Ghorbanifar?

A No.

Q Do you know whether Albert Hakim was ever a CIA asset

A but I don't think you could ever call him -- on him, but I don't think you could ever call him a formal asset.

Q An informal source of information?

A I don't think so.

don't recall him?

he was never used. No

Q Your understanding of the financing of the May HAWK transaction, did you understand that with respect to the parts that were available that the United States was placing any kind of a cap on the monies that -- or the point up to which the value of those parts could reach?

A No. What we did is checked with the military, the logistics command on the availability of parts. They gave us a printout on everything that was available and how much they could afford to take out of inventory for us.

m5

| Q | When | you | say | we, | you | mean | the | CIA | collectively |
|---|------|-----|-----|-----|-----|------|-----|-----|--------------|
|   |      |     |     |     |     |      |     |     |              |

- A The CIA could take out of their inventory, how much they could afford to let out of the inventory.
- Q But I gather you yourself didn't have any understanding that if the Army came up with a figure in excess of, say, \$4.4 million, that the Agency would be saying you can't go above that?
  - A No.
- Q Let me back up and rephrase the question. Did you -- that wasn't a very good effort, was it?

You, I gather, were not involved in the logistical end to any great degree in the May deal, is that right?

A No. Just to make sure everything was moving along all right. Because I had -- I wanted to make sure everything went smoothly. I followed what was going on.

But I didn't do the nuts and bolts, no.

- Q Who was handling it that you knew of?
- A That shipment would have been
- Q And would have dealt with logistics

people at CIA?

- A Yes. A couple of times when he was busy, I would do it for him.
  - Q Did have any involvement in that?
- A I think was the guy that gave the figures to Ollie North on what it was going to cost.



m6

236

#### 1 When you got the HAWK list from Ghorbanifar in 2 Paris, did you yourself bring that back to Washington? 3 Yes. I think I myself carried it back. 4 Who did you give that to? 5 When we brought it back, we -- I discussed it with 6 We got someone designated by the 7 Office of Logistics to then take the list and find out the availability of the parts on the list. You have also testified that by the time you got 10 to Tehran, Ghorbanifar is telling you that the total figure 11 for this deal is \$24.5 million? 12 That was in Tehran. 13 That was in Tehran? 14 Right. Did you have any understanding as to whether that 15 16 figure in Ghorbanifar's description of it reached only the HAWK parts that you had already identified were available? 17 He said it was other charges involved in that, 18 not just the HAWKs. 19 Okay. Let me ask you this: When you came to 20 Tehran, you had a pallet of parts with you; is that right? 21 22 That is correct. And you also had HAWK parts waiting in Israel 23 in the event that your negotiations were successful; is 24 that right? 25

INCHASSIELEE T

m7

A That is correct.

Q However, the sum total of those parts did not encompass all the things the Iranians had requested?

A No. There were several items that were no longer manufactured and there were several items on which we did not have the number on the shelf that they requested.

Q Now did you understand that of some of those items that either were not in Israel or were not on your pallet in Iran, that they might become available in the future?

A Yes. We had an idea. Some of them, the manufacturing process was very low. We would have had to speed it up to get them.

Q Let me ask you, the \$24.5 million figure, did you have any understanding that that might also encompass parts yet to come?

A Oh, no.

Q So your understanding was --

A Not that I knew of, no.

Q So your understanding of that was that that covered the parts waiting in Israel and the parts you brought with you and no other parts; is that right?

A On that ship But Ghorbanifar told me this is what they owe me. They are going to ask you what the cost is and there are other things involved in this that you don't know about. Tell them that that is the right

#### HACE ASSIFIED.

### UNCEASSIEIEDE T

238

m8

1

3

5 6

7

8 9

10

12

14 15

16 17

18

20

21

23 24

25

figure. That is when I immediately went to North and asked him what the hell was going on.

- Q Just to make it clear, was it your understanding when Ghorbanifar brought the \$24.5 million figure to you, that that covered only the parts in Israel and the parts on your pallet in Tehran and no other parts?
- A That was my -- except I don't know about the 508 TOWs. Someone paid for those.
- Q Putting the 508 TOWs aside, limiting this to HAWK parts. Your understanding was it is just the pallet in Israel and the parts --
  - A The parts in Israel and the pallet we brought. in.
- Q You didn't question Ghorbanifar or anybody else further on that, did you?
- A No. What we did is when I talked to Colonel
  North about it and asked him what the hell was going
  on, he immediately called Nir and Nir told us there were a
  lot-of expenses involved that had to be included in this
  figure, and also there were other monies owed to Ghorbanifar
  by the Iranians that were also included.

In fact, he went into a long explanation, a great deal of which I didn't understand.

- O Did North understand it?
- A I don't think so.
- Q In your testimony, you said that when you found

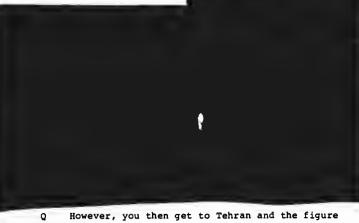
#### LINCLASSIEIED.

#### U**nglasshafa**et

m9

out how high -- the high figure that was being suggested for the HAWK parts -- and this is even before you arrived at Tehran, you had an idea that a high figure was being discussed -- that you mentioned it to and he agreed that it was too high a figure; is that right?

A Yes. I mentioned to him that -- but when we discussed it, it is that when



Q However, you then get to Tehran and the figure is high.

A Higher.

Q Higher. Even higher. Do you recall this figure which had the possibility of disturbing the whole negotiation being pursued by North to resolve it?

A Only that one conversation we had with Nir.

Q How about following Tehran? Do you recall having any discussions with North about resolving this matter when

ANCLASSIFIED.

## UNCLASSIEUTOET

m10

you are talking to still complaining?

A Yes. I talked to -- we had a lot of discussions about the pricing, hoping that it wasn't going to upset the whole apple cart.

Q Did North have any idea what the United States might be able to do to bring some relief to the pricing problem?

A Well, there were several things. One of the things was when I talked to the things and means that we could at least help to cover part of the large cost in price by saying, you know -- by producing -- we were thinking of producing a document which showed that FMS sales are -- I think it was 2.7 times the figure given on those microfiches. We never did it.

MR. EGGLESTON: Did you ever produce a document to show back to them to justify the prices?

THE WITNESS: The only thing we did was we produced a letter that we showed to to give -- how prices are arrived at, which was actually fairly accurate. In other words, the price that we got -- the wierd things about it is the price we got those TOWs at was much less than the Israelis pay for TOWs. On the thousand TOWs Nir complained about the cost when we sold them.



#### UNCHASSIEHEDET

mll

 MR. EGGLESTON: Because it was too low?

THE WITNESS: Because it was too low. Yes.

BY MR. WOODCOCK:

Q When you first became aware that Richard Secound was involved, did you have -- or were you aware that he had been considered at one time to be associated with Edwin Wilson?

A Yes, I heard about that, but I didn't know any of the details about it.

Q Did that cause you any concern?

A Well, I was a little bit concerned about that. Second also is I guess what you would call a "can-do" guy. That appealed to North. North absolutely believed in him.

Q I just want to clarify this point for the record.

When you arrived in Tehran, or when you were flying to

Tehran, did you actually physically land in Bandar Abbass?

A No. It was nonstop from Tel Aviv to Tehran.

Q Just to clarify the record, or perhaps my own understanding, when you met with Roy Furmark for the first time, I gather from what you said he suggested yet another TOW transaction to clear up the financial problem; is that right?

A He said if we would permit Ghorbanifar to sell another thousand TOWs that would get him out of the hole

#### TINGI VESTELL

### UNDEASSIERED T

m12

 and solve the whole problem.

Q Did you happen to discuss with Furmark how he or Khashoggi came to be associated with Ghorbanifar?

A No. Our brief from the Director was to listen and ask as few questions as possible. So -- in other words, we took the position we didn't know beans from batshit about this thing.

Q So I gather Mr. Furmark didn't volunteer the origins of his relationship with Ghorbanifar?

A He spoke very highly of Ghorbanifar and, of course, he spoke extremely highly of Khashoggi, the salt of the earth, great man, all that stuff.

Q Let me show you what has been -- or bears the identification number CIIN 1027 and ask you if you have ever seen that?

A I don't think I ever saw this. But I know for a fact that Khashoggi is able to get end user certificates from

Q Let me ask you a couple of questions about that.

This is a cable dated February 4, 1986 and it --

A I never saw that.

82-892 080**5** 

#### **NAPA PARET**

m13

|     | A | · I  | would | l like to | have | seen | that. | That | is | the | firs |
|-----|---|------|-------|-----------|------|------|-------|------|----|-----|------|
| ime | I | have | seen  | that cabl | le.  |      |       |      |    |     |      |

- Q How is it that that kind of information doesn't automatically make its way over to someone in your position?
- A Oh, a lot of stuff -- see, the problem is I am not there every day. No one says hey, George ought to see this. I don't see it.
- Q Do you know whether or Charlie Allen
- A Also, at that time I was not briefed in on the operation.
- Q You would have come in approximately a month later?
  - A A month later.
- Q Do you know if Charlie Allen or were aware of that?
  - A They never mentioned it to me.
- Q You testified earlier that in your collective efforts to come up with an explanation for the large price to an explanation that he might believe, it was suggested that perhaps it could be -- the low price on the list could be explained as the cost to the manufacturer.

### HNOLASSULLIT

m14

| A         | I   | think  | that  | is v | what | it:  | is.  | It: | is  | the   |    |
|-----------|-----|--------|-------|------|------|------|------|-----|-----|-------|----|
| manufactu | rin | g cost | :s. ' | That | is   | what | thos | e m | icr | ofich | 16 |
| lists are |     |        |       |      |      |      |      |     |     |       |    |

- Q Do you recall where you get that information? Who it was who told you that?
  - A I think our logistics people told us that.
- Q Do you recall discussing that as a rationale with anyone to run by
- A No. I think that the only thing that we -- we never did anything really but we were thinking North had the idea of printing up to date microfiches that had the prices higher.
  - Q North did?
- A But we -- we were thinking of printing something for which we never did either that would show that you can't base the pricing on what is on those microfiches. Actually, you can't.
- Q You also testified that you received a call at your home at one point from is that right?
- A Yes. He was trying to call at the office and Charlie Allen gave him my home phone number.
  - Q Charlie Allen can't speak Farsi, can he?
  - A No.
- Q Do you know how he was able to transmit this information?

INCLASSIEIED.

245

1 m15

2

3

5 6

7 8

9

10 11

12

13

14 15

16

17

18

19 20

21

22 23

24

25

He was able to get the number, you know. had someone in the office that spoke a little bit of English. Charlie got the number across to him.

Did you ever get involved with discussions to release the hostages in July or release a hostage in July?

Well, all that time, we were -- you know, we were saying that we would not -- to that we would not send in the rest of their -- of the HAWK spares until the hostage is released or something, or if we could meet. We would do according to the 7 point proposal that we left behind in Tehran. I consistently took that line with him.

Was it you who suggested at one point that one hostage would be enough?

That came about -- I didn't make that suggestion, no. I can't recall precisely who did, but it came about as a result of our talks with Nir on the 20th of July, in which he said they could get another hostage out. And then the decision was made to go ahead.

So your recollection is that to the extent somebody suggested that maybe one hostage would be enough, that Nir was the source of that?

I think that was based on Nir's proposal to us

### INVOEASSIEIED.T

m16 1

in London that one could be gotten out if we sent in the rest of the HAWK spares. I am pretty sure that is the way it went. Then it was discussed when we got back to Washington.

- Q Did you ever have a conversation with where you represented that one hostage would be enough was the position of the President?
- A I don't think so. I can't recall saying that specifically.
- Q Charlie Allen entered a period in July where he spoke to Nir in lieu of Colonel North. Did he share any of those conversations with you?
- A Some of them when I was around. I wasn't around a lot of time.
- Q Wereyou aware that Allen had taken over from North but North had cut Nir off for a period of time?
- A I wasn't specifically aware that he had cut him off. I think what happened is that North wanted Charlie to talk to Nir rather than have Nir talk to him.
  - Q Rather than Nir talking to North?
- A Since Nir could put more pressure on North than he could on Charlie.
- Q Another thing I want to clarify for the record.

  When you have the second channel out to Hakim's office,

  we know that Hakim was in the building. Was he in the

INCLASSIFIED...

#### UNCEASSAFIEDET

m17

room when the discussions were going on?

A Not on the substantive discussions.

Q As the second channel developed, did you have any trouble conveying to Nir that he was now entering into a subordinate stage?

A A decision was made to keep Nir briefed about the second channel. One of the surprising things to me was that after we returned from Tehran, Nir was still very high on Ghorbanifar despite what ensued in Tehran, that he had been lying to both sides. Nir sort of let that go by the boards as being Iranian business practice. I tried to argue that it is not quite that way.

So he was still very high on Ghorbanifar, but we told him we were going to develop a second channel and actually briefed him on it after it happened. Not in very great detail, incidentally.



#### UNCLASSIFUEDET

m18

Q Let me direct your attention to a reference in the Tower Report which refers to a deposit occuring on September 26, 1986 of \$7 million from Iran into Lake Resources. That has a footnote reference which reads as follows: "There is some discrepancy surrounding these dates. The September 26, 1986 date is contained in a PROF note from North to Poindexter which also contains the \$7 million figure. The CIA I/G report, relying on George Cave, states that

brought a check for \$4 million with him to the

Actually that was mine. Do you have any explanation for that discrepancy?

- A I can't understand what the hell the \$7 million would have been for.
- Q Your understanding is that \$4 million would have been sufficient to cover the transaction?
- A Yes. I suppose so. Because right after he -he called up his man and gave him the check and two days
  later, we had the \$2 million odd dollars in our account.
  - Q Did you physically see this check?
  - A No. I never saw it. He just said he had it.
  - Q It wasn't produced for you?
  - A It wasn't produced for me.

MACLASSIELED\_

m19 1

Q But your understanding was as far as the CIA financial office was concerned, the \$2 million came in shortl

3

2

after the check was produced?

4 5

was deposited in our account.

filing of the suit.

also contact Congress.

6

Q When you get with the DCI on the Furmark meeting or the subject of Furmark, did he bring up any question

Yes. I think we got it on the 28th. I think it

9

about the possible diversion of monies?

A No. His great concern at the meeting was this --

10

the going public with the whole operation through the

11 12

And the fact that the principals were going to

13

Q Did Charlie Allen ever raise his suspicions

14 15

about the possible diversion of money?

were worried about the same thing.

16

A Well, we all had suspicions that there was

17

something wrong, but there was so much there to be

18

. \_

suspicious of. As I told you before, my main suspicion

19

was the fact that Khashoggi and Ghorbanifar were trying to raise as much cash as possible because of being stung in

20

the April 22 sting operation. Obviously the Swiss banks

22

Why, because of the life insurance policy?

23

A No. What the Swiss banks can do, they can arrest

24 25

you and hold you until you make good on your obligations.

#### UNCEASSIFIEBT

250

m20 1

3

4

5 6

7

8

10

11

12

13 14

15

16

17 18

19

20

21 22

23

24

25

That is obviously what they did with Ghorbanifar. He denies that he was arrested, I gather.

Q I think he has made that a matter of record. Were you aware that Ghorbanifar was complaining sometime in early April about his California girlfriend's apartment having been broken into?

- A Yes. He mentioned that at the meetings.
- Q Ghorbanifar himself did?
- A Yes. When he was here in April.
- Q Did he also mention that or complain about Roy Furmark's office having been broken into?
  - A Not to me.
  - Q Do you remember -- this would have been --
- A I never heard of Furmark until shortly before I met him.

Q I am going to read this selectively to you and see if it brings anything back to you. Again this is the Tower Commission report. It reads, as a footnote, "In a series of telephone conversations with Ghorbanifar and Nir, March 24 to April 2nd, Charles Allen learned that Ghorbanifar was under pressure in Tehran; that he was passing through a difficult period financially, but that the Israelis were helping him."

Is that information he conveyed to you at the time?

A Yes, I think he did.

#### INCLASSIFIED...

### MUSEASSIERET

m21

Q The quote goes on, "An NSC consultant reported to Allen that Ghorbanifar was upset in part because his California girl friend's house had been entered, as had Furmark's office in New York. Ghorbanifar blamed the CIA."

Do you recall that?

A I don't recall the Furmark part of it. But Ghorbanifar compatined about the breaking in of his girl friend's apartment when he was here. I never met the girl friend either.

Q You testified that you recognized the reference earlier in this deposition to the Erria and then later said you weren't sure that at the time you knew the name of the boat; is that west?

A Yes. In fact, I thought it was something else. When it came up, when they made the offer of the tank, that is the first time I ever was aware that there was a boat involved, because Ollie discussed this that we could -- they had this boat that was in the Mediterranean and they could have it -- change its sailing orders and go to Bandar Abbass to take on the tank. Which it did.

Q Do you now believe that boat to have been the Erria?

A Yes. This comes out from subsequent press coverage. I didn't at the time know the name.

Q In your negotiations with the second channel,

INCLASSIEIE IL

### UNCEASSIEREET

m22 1

6<sup>-</sup>

 were Israeli prisoners ever on the negotiating table as being possible subjects of release?

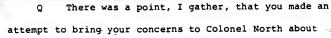
A Yes.

Q How did that happen?

A I think in the initial -- it came up because we were also talking about the 300 from that were being held by the Israelis.

 $\ensuremath{\mathtt{Q}}$  . Would that have required more negotiating than just with Iran?

A I don't think so. We asked the Iranians if they thought it possible. I guess it was one of the Israelis that was killed, but one of them was still alive. It was a pilot that came in later. We talked -- we talked -- I think we only talked about it on one occasion. They kind of screwed up their eyes, but said they would look into the possibilities because we said that any -- as I recall, any release of the 300 being held would certainly be contingent on Israelis being released and probably





m23 1

2

3

5

7 8

9

11 12

13

14

15 16

17

18

19

20 21

22 23

24 25 Ghorbanifar; is that right?

- A Yes.
- Q But that was kind of an effort cut short; is that right?
- A Well, as I was mentioning to George, there is -- there were a lot of countervailing views about Ghorbanifar and people changed their opinion of him. I think that the biggest thing he had going for him was the fact that he had played a role in securing the release of both Weir and Jencko. In other words, Ollie likes people that are successful in doing things.
- Q But I was asking a somewhat different question.
  You had reservations about Ghorbanifar?
  - A Yes.
  - Q That go long back in your career?
    - Yes.
- Q Did you attempt to bring those to North's attention?
  - A I did.
  - Q Did he react to that at all?
- A Yes. His reaction is that what you say maybe is true, but he has demonstrated that he can produce, because he produced Weir. That was the initial, when I first started.
  - Did you ever bring Ghorbanifar back to North when

INICLASSIEIE.

### THUE ASSERET

m24 1

- 10

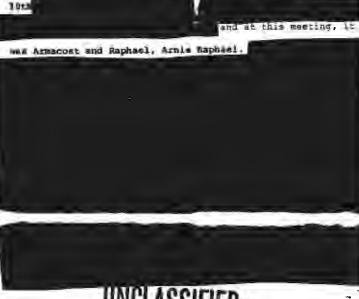
 the finances began to go awry as proof of your opinion of Ghorbanifar?

A Yes. And also I thought that his performance in Tehran had been such that we should be extremely chary of him and made my views clear there. And the Iranians told us flat out in Iran that they didn't trust him.

Q Did you have any dealings with anybody in the State Department in these transactions?

A Not specifically with this. The only time it came up is I had a meeting -- I think it was

I don't know if Clair George was there or not. We went over before the last trip to Geneva, that is the 8th through



m25

2 3

1

5 6

7

8

9 10

11 12

13

14 15 16

17 18

19

20 21

22 23

24 25 Department of Defense?

I didn't, no.

Do you know whether other than logistically or in --

Did you have any dealings with anybody in the

dealt with, what was his name, Jamie Mizzo? I forget his name. He was the head of logistics.

MR. EGGLESTON: There was a Russo.

THE WITNESS: Russo. That's it.

BY MR. WOODCOCK:

You already testified to the possibility of danger in your trip to Tehran. Did you have any plans in the event that you were seized and held captive?

I guess. There Run weren't many places you could go from the 15th floor of the Hilton Hotel.

Are you a subscriber to the Big Sting Theory?

No. I think the Big Sting Theory was developed by the Iranians to protect the participants.

MR. VAN CLEVE: For the record, I assume you are referring to an article that appeared two weeks ago?

MR. WOODCOCK: That is right. That is a capital B and a capital S and probably a capital T.

#### UNCHASSIEIEDET

256

m26

2

5

7

9

11

12

14 15

16 17

18

19

20

22

23

25

THE WITNESS: The Iranian comments on this are so typically Iranian. The most interesting aspect is that Khomeini has never really condemned the initiative.

MR. VAN CLEVE: Somebody may have asked you this question, but what is your view about what Khomeini knew about the Tehran trip at the time it took place?

THE WITNESS: I am certain he did not know we were there.

MR. VAN CLEVE: He did not know? Before, during or after?

THE WITNESS: Not until sometime after. I
place it as sometime in August-September. And
told us that he didn't know about it also.

I was certain because that is -- and I was sure that that is why we didn't see anyone becaus no senior Iranian would take the political risk of doing it unless they had the blessing of Khomeini. Since no one showed up -- the best that we can put it together is that broached it to him sometime in late August or early September.

BY MR. WOODCOCK:

- Q In your meeting in Tehran, was the Iranian assistance to Nicaragua ever on the table?
  - A Yes.
- Q That was their assistance both in terms of oil and arms?

#### INVERASEIFIET

257

m27

1 2

3 4

5 6

7 8

9 10

11 12 13

14 15

16 17

18

19 20

21 22

23 24

25

They denied it.

Yes.

Α

They denied they were doing it?

Yes. We volunteered to provide them proof.

Did they take you up on that?

Yes. But we -- where is it? Well, we didn't bring it with us. Part of the problem you have as I explained before is when I was translating, you know it's very difficult when you translate to remember what the hell it was that you said.

When McFarlane made it plain that he was going to leave unless the -- his conditions were met, I gather from your testimony the Iranians asked for some additional time; is that right?

Yes. There was a lot of different -- when they saw -- North and me stayed behind, and they'll get them. He said no, we are all going to leave together. was a little bravado in that. At the time we made the announcement, we still had a plane with no fuel in it.

But the Iranians asked for more time and I gather McFarlane gave them a certain amount of additional time; is that right?

This was the night before we left. He gave them until the following morning.

Did he leave before that time expired?

We left sometime after. Even going out No.

#### UNOLASSIFIEDT

m28 1

to the plane, the Iranians were begging us to stay.

MR. WOODCOCK: Let's go off the record.

(Discussion off the record.)

BY MR. WOODCOCK:

Q Mr. Cave, I have no more questions. I did wan to go back on the record to express my appreciation for your patience and for your forthrightness.

MR. EGGLESTON: Thank you.

MR. VAN CLEVE: Thank you very much, Mr. Cave.

(Whereupon, at 6:00 p.m., the deposition of

George W. Cave was adjourned.)

INCLASSIEIED...

TAPE ONE (sides 1 and 2) - TWC/nsd

UNITED STATES SENATE 2 SELECT COMMITTEE ON SECRET MILITARY 3 ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION 4 5 DEPOSITION OF GEORGE CAVE 6 7 8 Present: George Cave, Deponent 9 Timothy Woodcock, Senate Iran/Contra Committee Jack Taylor, House Iran/Contra Committee
David Pearline, CIA--Office of Congressional 10 11 12 Affairs 13 Paige Moffat, Office of General Counsel 14 15 Cave ("C.") Woodcock ("W.") Taylor ("T.") 16 17 Pearline ("P.") 18 19 Moffat ("M.") 20 21 22 Let me state for the record my name is Timothy 23 Woodcock. I am an Associate Counsel with the Senate Select 24 Committee on Secret Military Assistance to Iran and the 25 Nicaraguan Opposition. Participating from the House is Jack 26 Taylor, representing the House Iran/Contra Committee. George David Pearline is representing 27 Cave is present as the deponent. 28 the Office of Congressional Affairs at CIA. Paige Moffat is here 29 representing the Office of General Counsel. 30 Mr. Cave, before we begin, let me make it clear that 31 this is a statement that we will be taking from you pursuant to 32 the authority of the Senate Select Committee. The information that you give us will likely be used in the furtherance of the 33 34 Committee's investigation under its resolution. Do you understand that? Partially Declassified/Released on 6 14 × 88 under provisions of E.O. 12356 36 CAVE: Yes I do. by K. Johnson, National Security Council 37 WOODCOCK: Thank you. COPIES IINCLASSIFIED

- 1 EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:
- W. Mr. Cave, let me cover some of the early ground here
- 3 with you when you first became involved in the Iran initiative.
- 4 Mr. Cave, we have come across entries that Col. North made before
- 5 and efter the meeting in Frankfurt, Germany in February of 1986.
- 6 stating that he was forced to use Albert Hakin as a Parsi
- interpreter because the CIA could not produce a Farsi speaking
- 8 interpreter. For the record, could you state whether you would
- 9 have been available to perform the task at that time. This is
- 10 February 25-26, 1986.
- 11 C. As far as I know I could have been made available. In
- 12 fact -- I was in Europe at the time of that meeting. Bither I
- 13 was -- I was either -- I was in Europe immediately -- either
- 4 immediately preceding or during it, because I returned to the
- 15 United States at the end of February
- 16 But, presumably I could have been made
- 17 available to translate for that meeting.
- 18 W. And I take it from your answer that you were not asked
- 19 to participate, is that correct?
- 20 C. That's correct. I knew nothing about this initiative
- 21 until the 5th of March.
- 22 W. Thank you Mr. Cave. Let me turn to the early days of
- 23 your involvement in this initiative. I believe you have
- 24 previously testified that your first meeting with Mr.
- 25 Ghorbanifar, in what you then understood to be the Iran
- 26 initiative was in Paris in March of 1986, is that correct?

### UNCLASS!! ....]

1 That's correct. That's correct. Before you went to the meeting in Paris, I believe you have already testified that you were briefed by both who either was already Chief NE, or about to become Chief NE, and Charles Allen. Is that correct? CINE and I met Col. I was briefed by both North, I think, the afternoon of the day we left. I think I met, as I recall, I also met Charles Allen, but did not get much of a briefing from him at that time. It was only later, after I got That's when I went over all the old[?] intelligence. You went over that with Charles Allen? 12 After I returned from the first meeting in Paris. 13 Mr. Cave, I'd like you to recall the meeting with and I'm really asking something specific. As I recall, 15 when I interviewed you, along with many other Congressional representatives, back in March of this year, you related that 18 when you were briefed on the initiative by recommended to him that no -- I think the phrase you used was "no serving officer should participate in this initiative." First, is that correct, and second could you expand on that idea? 22 After I heard about the initiative I, I recommended to and I think also to Clair George, that the 23 participation in the operation by serving officers should be as

UNCLASSIFIED

limited as possible in that it was quite apparent to me if this operation ever blew, you know, careers would be in jeopardy. And

- 1 since I was an annuitant, it didn't matter. C/NE and Mr.
- George, what was their reaction to it?
- C. Well, they agreed that, you know, that this was a high-
- 5 risk operation. And I think every attempt was made to keep the
- knowledgeability of the operation to as: few a people as possible:
- In order not to imperil as many, or in orderate imperil
- as few careers as possible?
- Partially that, but I think also that the security of
- operations is a great concern to us. 10
- Well, for those two reasons. Is that a fair statement? W. 11
- 12 I think that's a fair statement. I, I mean we had to
- involve people in it as it progressed. But, I mean, there was a
- conscious attempt not to unduly involve officers, serving
- officers, in the operation.
- There is a statement in the Tower Report; and I don't
- know whether you are familiar with it. It's a footnote. It 17
- 18 comes from the testimony of Clair George where he states, and I'm
- 19 going to paraphrase him, that "George Cave joined the initiative,
- and somewhere along the line; became a player. " Do: you agree 20
- 21 with that characterization?
- Well, I, I'm not sure. It's obvious that statement was 22
- 23 taken out of context, and I'm not really sure what Clair's intent
- 24 was. Because everything I did, I reported back to
- 25 I naturally became a player in the initiative because I got more
- 26 and more involved in it. And though I think Col. North relied



1 more and more on me as it went on, because of my understanding of

Iranians But, I certainly reported everything that I did back

3 to, back both to a and in many cases directly to



W. Let me ask you another question on the February TOW
deal. Now, understanding that you came on the scene after this
deal had been completed, you nonetheless had an opportunity to
speak to many of the participants in that transaction, Second,
Hakim, North, Ghorbanifar,

is his testimony before the Tower Board expressed the

opinion that he believed that the 1000 TOWS of February were

- supposed to, by themselves, spring a hostage. I think
- Ghorbanifar and others have taken the position that the 1000 TOWs
- 5 was a good faith makeup for the abortive HAWK shipment of
- November of 1985. Did any of the people that you participated
- with express an opinion on what was supposed to have been
- achieved by the February TOWs?
- If my understanding was the same as that this was
- supposed to cause a hostage to be released. 10
- Do you recall where you got that understanding? 11
- I think it was from as best I can recall, because 12
- I remember after I was briefed, I think he told me that he -- we 13
- had expected a hostage to be released, but now we are going --
- you know the meeting with Ghorbanifar will be an attempt to sort
- 16 out some of this and see what the Iranian position is.
- 17 Are you referring to the March meeting with
- 18 Ghorbanifar?
- c. March meeting with Ghorbanifar, yes. 19
- 20 W. Did the --
- WNE I recall, I recall before we went that said that we 21
- had expected the 1000 TOWs to result in a hostage being released. 22
- Did the subject come up in Paris as to why a hostage 23 W.
- 24 had not been released?
- I'm trying to recall exactly what was said with regard 25
- to that. I think that the way Ghorbanifar explained it in Paris 26

- 1 went along these lines: that the Iranians were now convinced by
- 2 the TOW, the TOW shipment, excuse me, the TOW shipment that we
- 3 had good intentions, and that they were now prepared to meet with
- 4 us and discuss the future of the strategic initiative between the
- 5 two countries, and it also -- in that meeting he proposed that
- 6 we'll sell them the HAWK spares, to sort of cement the deal. And
- 7 that's when he turned over the list of 240 line items. But
- 8 that's about how it went. I mean, we had, the, the 1000 TOWs had
- 9 established the U.S.'s good intentions, and the Iranians were now
- 10 prepared to respond, and he had preliminary agreement to a
- 11 meeting in Iran between senior U.S. officials and senior Iranian
- 12 officials.
- 13 W. Now, you were, at this point, a Johnny-come-lately to
- 14 the negotiations, so I gather you were not some much an active
- 15 participant in Paris as you were an observer. Is that fair to
- 16 say?
- 17 C. That's fair to say.
- 18 W. What was -- Col. North himself was present when
- 19 Ghorbanifar was making these remarks I would gather, is that
- 20 correct?
- 21 C. That's correct. The way the meeting was structured is
- 22 that we went immediately from the airport to the hotel and we met
- 23 initially with amagent wir, and them he went out and brought
- 24 Ghorbanifar in.
- 25 W. And Nir was present through the negotiations as well?
- 26 C. Nir was present through all the negotiations.



- W. Did North have a reaction to Ghorbanifar's statement
- 2 that the 1000 TOWs had simply shown that the United States was
- 3 serious?
- 4 C. I don't recall. I think he said something like, it
- 5 damn well should have shown him that we are serious, something to
- 6 that effect.
  - W. Do you recall him saying anything about, you know,
- 8 where is our hostage?
- 9 C. Uh, there was some discussion about, you know, the
- 10 great disappointment on our end, about not -- the 1000 TOWs not
- ll resulting in the release of a hostage, but I don't recall the
- 12 exact words at this point, and I didn't make any notes on that.
- 13 W. Let me -- I'm going to quote from what now is known as
- 14 the famous diversion memo that North is supposed to have written
- 15 in early April of 1986. That memo, which is really quite an
- 16 extensive memo, contains a retrospective on the Iran initiative
- 17 up to that point, and it contains a paragraph that reads that,
- 18 that, I'll quote, "the USG [meaning U.S. Government] would
- 19 establish it's good faith and bona fides by immediately providing
- 20 1000 TOWs for sale to Iran. This transaction was covertly
- 21 completed on February 21, using a private U.S. fairman[?] and the
- 22 Israelis as intermediaries." That paragraph appears to line up
- 23 with those who would take the position that the 1000 TOWs was a
- 24 good faith gesture on the part of the United States, but did not
- 25 bind the Iranians to come up with a hostage. Do you recall any
- 26 discussion in this early April period about this matter?

,

- C. It's a difficult question for me to answer, because,
- 2 you know I was brought in after the fact. But I do recall, there
- 3 was some disappointment that it hadn't produced any motion
- 4 whatsoever on the hostages. And I can't, I can't at the moment
- 5 recall the exact words and who said them, but I know among the
- 6 people who were involved that there was some disappointment that
- 7 there had been no motion whatsoever with regard to the hostages.
- 8. The Iranians just took the 1000 TOWs and that was it. And it
- 9 wasn't until we met with Ghorbanifar in March that we got some
- 10 explanation. And this is where the idea of this, you know, good
- 11 intentions being established by the shipment, came from--
- 12 W. From Ghorbanifar.
- 13 C. --to the best of my knowledge--
- 14 W. From Ghorbanifar.
- 15 C. --yes from Ghorbanifar, saying that we had established
- 16 our good intentions with the Iranian government and that he had
- 17 succeeded in getting in getting a commitment for a meeting at a
- 18 future date in Iran.
- 19 W. All right. I'm going to move on to another topic. The
- 20 -- let me turn to the meeting in Tehran. In Tehran there were a
- 21 series of meetings over four days, and I gather from your
- 22 previous testimony one of the immediate disappointments on the
- 23 United States' part was that no one on the Iranian side
- 24 commensurate with McFarlane's ranking appeared to negotiate, is
- 25 that correct?
- 26 C. That's correct.

W. I believe on the second day, an Iranian official by the name showed up, is that correct?

C. That's correct. He was the most senior official we met



12 W. And he - later became a name that was

- 13 raised in the very later stages of these negotiations with the
- 14 second channel, is that right?
- 15 C. That's true.
- 16 W. Did you realize at the time -- I know you realized it
- 17 later -- but did you realize at the time that the Iranians did
- 18 not know who McParlane was?
- 19 C. No, we didn't realize that they didn't know who
- 20 McFarlane was until after we met with the second channel in
- 21 September.

3

- 22 W. Let me ask you this. This is a minor point, but the --
- 23 one of the reasons ascribed to the failure of the Tehran
- 24 negotiations was that they coincided with Ramadan(?). Is -- late
- 25 May, is that the period for Ramadan?
- 26 C. Ramadan is based on a lunar calendar, so it changes

- 1 every year. It's really bad when it's during the hot months,
- 2 because you know they can't drink water or eat all during -- and
- 3 you have a longer period of light. So, they were pretty
- 4 frazzled, you know, when we had a meeting during the day. By the
- 5 time it was over they were pretty frazzled since they couldn't
- 6 drink anything and they couldn't eat anything.
- 7 W. But that was the holy period they were observing in
- 8 late May, is that correct?
- 9 C. Yes, and based on the current situation in Iran they
- 10 damn well had to observe it.
- W. You didn't notice any shirkers, is that right?
- 12 C. I didn't notice any shirkers -- except Ghorbanifar
- 13 [laughter].
- W. Well, he's sewage in Aris(?). There are entries in the
- 15 Tower Report, and we have them in our files, of encrypted cables
- 16 that McFarlane sent out of Tehran. Were you familiar with how
- 17 the communications system was working? I mean, how was it that
- 18 McFarlane was able to communicate with Washington?
- 19 C. We took two communicators, two CIA communicators which
- 20 I arranged for, and I did the briefing of them.
- 21 was kept -- stayed in Tel Aviv as a backup

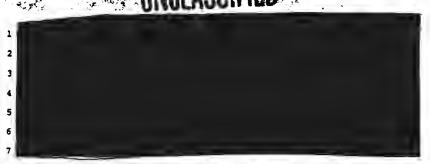
2.3

11

26

Page 13
DENIED IN





- 8 W. When you arrived in Tehran, everyone was removed from
- 9 the plane at one point, is that right?
- 10 C. When we arrived in Tehran the crew was left on the
- 11 plane because they had to taxi it across to the military side of
- 12 the airport.
- 13 W. But eventually there came a point when all the
- 14 Americans were separated from the plane, isn't that right?
- 15 C. That's true, that was our first crisis and I had to
- 16 straighten that out. And it turns out that the reason why the
- 17 Iranians wanted everyone off was that they wanted to go over the
- 18 plane with a fine-tooth comb, which they did. And then after
- 19 that everything was all right.
- 20 W. Now, was it at that point that they removed the HAWK
- 21 parts?
- 22 C. No. They removed the HAWK parts on the day we arrived,
- 23 immediately. Once the plane was taxied over, over to the
- 24 military side of the aircraft, the three -- the four crew members
- 25 that were on the plane said that they just came and unloaded the
- 26 plane. Wasn't much they could do about it. So they told us that

- 1 when they showed up at the hotel. They said they have already
- 2 unloaded the HAWK parts.
- 3 w. was that considered a problem at all?
- 4 C. Well, there wasn't much that we could do about it
- 5 sitting on the 15th floor at a Hilton Hotel. We didn't know what
- 6 was going to happen when we arrived anyway.
- 7 W. But that, I gather, didn't fall into the category of
- 8 crisis?
- 9 C. Not really. We were far more concerned because they
- 10 wouldn't refuel the aircraft.
- W. Did you complain to the Iranians about having simply
- 12 removed the HAWK parts?
- 13 C. Yes I did, but they -- this was kind of -- this was
- 14 sort of amusing. being a rug merchant, came up to me,
- 15 when we had our initial meeting in the hotel and said, "you've
- 16 sent us used parts." And so, I said, you know, I got mad at that
- 17 and said, "you know you weren't supposed to unload them until
- 18 after the hostages showed up. " And then he complained that we
- 19 only brought a very small amount of spare parts. And I said,
- 20 "well, that's all we could fit on the airplane." And he says,
- 21 "well, it didn't take up hardly any space." I said, "yes, but we
- 22 only had, we had to fly so many hours that we could only take a
- 23 certain amount of weight." And we haggled like that. And then,
- 24 the funny thing was, is when the crew showed up and I told -- you
- 25 know, we were talking to -- I asked him about the parts then.
- 26 And they said they took them off. And I said, "well, what did

15

IINCI ASSIFIFD

- 1 they do with them." He says, "well, when we left they were still
- 2 sitting on the tarmac. They hadn't opened it up or anything. So
- 3 how this guy knew they were used before they had even opened them
- 4 up. I don't know.
- 5 W. The Tower Report contains rather complete notes of each
- 6 day's meetings in Tehran. Do you know who the main note-taker
- 7 was for the Americans?
- 8 C. Mr. Teicher and Ollie North both took extensive notes.
- 9 I was doing a lot of the translating, so I couldn't take many
- 10 notes, but what I did do, and you have a copy of my memo on the
- 11 trip, I did -- I tried to write down significant points after the
- 12 meetings were over, and at those times, and since I sold(?) it,
- 13 Teicher and North were taking extensive notes, I didn't bother to
- 14 take them. I just, I just wrote down what I thought was
- 15 significant so we could compare notes later.
- 16 . W. Now to get this straight. You -- we do have a copy of,
- 17 I think a 3 or 4 page single-spaced memorandum that you created
- 18 on your visit to Tehran. I want to understand your testimony on
- 19 this. These were based on notes that you made shortly after each
- 20 meeting, is that correct?
- 21 C. Yeah, usually, because I would, I would do -- I did
- 22 most of the translating. When I was hoarse, Ghorbanifar with the
- 23 -- because we kept catching Ghorbanifar translating inaccurate,
- 24 and finally got so upset with him, you know, that he
- 25 jumped up at one point and said, "Mr. Ghorbanifar, you must
- 26 translate accurately.\* Because I had already corrected

16

- 1 Ghorbanifar, you know, several times on mistakes that he had
- 2 made. Which made, made what the Iranians say a little bit
- 3 different. And then when he translated the English back, it also
- 4 came out a little bit different. Favoring, you know, positions
- 5 that he wanted to favor. But, I did make -- usually after the
- 6 meetings were over I would write down, I had a steno pad, I would
- 7 write down what I thought was significant. And then, based on
- 8 those rough notes, immediately after I returned, I put together
- 9 that 3-page single-spaced report that you have.
- 10 W. From what you later learned about was he of
- 11 appropriate rank to be meeting directly with McFarlane?
- 12 C. I, as the scene -- as we learned more about it from
- 13 hindsight, yes, because no senior official was going to risk
- 14 meeting with McFarlane at that juncture because, as we later
- 15 learned, Khomeni was unaware that we were in Tehran. And also
- 16 the Iranians knew that Nir was an Israeli.
- W. They knew at the time that he was an Israeli?
- 18 C. Yeah. They knew at the time.
- 19 W. How do we know that?
- 20 C. We were told, we were told by the second channel that
- 21 in order to protect himself, Ghorbanifar had told And
- 22 was not about to take that on his shoulders by himself,
- 23 so he reported it. So I think those two factors weighed against
- 24 us seeing any senior official, and quite possibly the fact that
- 25 they didn't know who McFarlane was.
- 26 W. Did McFarlane actually sit down face-to-face with

17

```
1
              Yes, he did, on the second day. The initial meeting on
 2
    the second day. And then after he, after we began to see all the
    problems, he said, "well, talk to my staff, and if there is any
    breakthrough, I'll talk to you." And the last evening that
 5
             come up to me and said "I'd like to talk to Mr.
 6
    McFarlane." And we had -- it was a brief meeting. And that's
    when McFarlane said, "O.K., I'll give you until 7:00 tomorrow
 9
    morning. "
10
         W.
              When McFarlane finally decided to leave, was that
    direct -- did he communicate that directly to
11
              Uh, no, the only persons that were there when we
12
13
    decided to leave were,
                                    and
14
15
              That's
16
         c.
              Yeah.
                              is another name for him?
17
         w.
              And
                     And he has a couple other names, too. But, we -
18
              Yeah.
                       we are leaving, and he kept begging me to
    - I told
19
    stay. And we just packed up everything and went down in the
20
                           "well, can't you stay up here till we
    lobby, and so --
21
    get the cars? We don't want you hanging around the lobby." So,
   McFarlane -- we all stormed down, and they arranged for cars, and
23
24 they drove us -- One interesting thing is, I don't know what if
    something happened in Tehran, but they did not drive us the
25
   normal route to the airport. They took us through back streets.
```

# UNOLÄSSIFIED

- 1 W. Mr. Cave, we took a momentary diversion here to change
  - ! the tape, using the word in it $^{arOmega}$ s more commonly-known sease. You
- 3 were saying that you were not certain whether anything had
- 4 happened in Tehran, but that you noticed that they took you to
- 5 the airport by an indirect route, is that correct?
- 6 C. Yeah. The state of there is a guick
- 7 route, a kind of like a super highway that you can take from the
- 8 hotel that goes right out to where the big, the big mornment is.
- 9 And then it's directly into the airport. We went through back
- 10 streets all the way from the hotel to the airport. I don't know
- 11 if there was a reason for that or not. Ghorbanifar apperently
- 2 has reported that there was supposedly mobs out looking for us.
- 13 I don't know if that is true or not.
- 14 W. There was an article in, I think U.S. News and World
- 15 Report back in March of 1986, or excuse me 1987, which was
- 16 entitled "The Big Sting." And I think that in that article they
- 17 also postulated that a group of dissidents was looking for you to
- 18 seize you and embarrass the regime. I gather you haven't been
- 19 able to confirm that one way or the other.
- 20 C. No. We have never been able to confirm that, and we
- 21 just drew a blank from the second channel.
- 22 W. But you did ask him?
- 23 C. Yeah, we asked if there was any prob--when we
- 24 discussing the problems about -- with the second channel about the
- 25 trip to Tehran. Whether he told us they didn't know who
- 26 McFarlane was, that Khomeni had not known that we were is town.

INCLASSIFIED

19

- 1 We went into some other things like that, and one of the things
- 2 that came -- they didn't know, or else they just weren't going to
- 3 tell us, that anything happened. But they just said, there was
- 4 no problems that they knew of.
- 5 W. Mr. Cave, did you have a poison pill on this trip?
- 6 C. No.
- 7 W. Do you know whether either McFarlane or North or
- 8 Teicher had such a device?
- 9 C. I'm absolutely certain they didn't. I think the poison
- 10 pill story came about--there was a proposal that North and go in
- 11 in April with Ghorbanifar to do some preliminary discussions with
- 12 the Iranians. And there was some talk then that, you know,
- 13 that's pretty risky, and especially since what North and you
- 14 know, North, I think at one meeting, maybe we should take an LT--
- 15 they are called L tabs, incidentally, and, uh, I don't think
- 16 there was any real serious consideration given to it. I didn't
- 17 give any serious consideration to it anyway. I told him if
- 18 things go wrong I'm just going to become a mallah. [laughter]
- 19 W. When there is no choice there's no problem. I believe
- 20 in his testimony Col. North said that in fact he did have such
- 21 appeal and that he got it from CIA. To your knowledge he didn't
- 22 have such a pill?
- 23 C. Not to my knowledge. I don't think he said he got one.
- 24 Didn't he say that they were just considering it?
- 25 W. I understood his testimony to say that he actually
- 26 received one.

- 1 C. I don't--
- T. I thought he said he had one, too. I thought that he
- 3 said it was offered to him.
- 4 W. I believe he said it was offered to him, in the event
- 5 he wished to use one, one was offered to him.
- 6 W. Let me just note for the record that this new voice is
- 7 Jack Taylor.
- 8 T. Yes.
- 9 W. For the transcriber.
- 10 T. I believe I recall that one was offered to him by the
- 11 CIA. Now whether or not he took it with him or not, I don't
- 12 know. I'll have to check into that.
- W. But assuming that that is what he said, to your
- 14 knowledge, he wouldn't have had such a pill, is that correct?
- 15 C. No, not that I know of, and, I was never offered one.
- 16 I just remember that the discussion came up, you know, maybe we
- 17 should, just in case, and -- but no offer was ever made to me to
- 18 take one, and I wouldn't have taken it anyway.
- 19 W. Mr. Cave, in the--again in the Tower Report, and I
- 20 believe also in your, in your notes, you came back from the
- 21 Tehran mission with the conclusion that irrespective of other
- 22 considerations that the Da'wa prisoners were going to remain a
- 23 major impediment to any, any real progress on the hostages. Is
- 24 that correct?
- 25 C. Yes. When I came back and reported to Director Casey,
- 26 I said that I thought the most serious problem confronting any,

21

IINCLASSIFIFD

- 1 you know, wholesale release of hostages was the Da'wa prisoners.
- 2 In line with that I also told them that from my talks with the
- 3 Iranians, I concluded that they could spring a couple of them,
- 4 and I told Director Casey that I thought we'd two, two out, based
- 5 on this operation. But no more than--the hostage takers would
- 6 continue to, continue to hald tortages until there was some



- 19 W. Now, when you apprised Director Casey of your opinion
- 20 of the importance of the Da'wa following your meeting in Tehran,
- 21 did you also apprise him of your opinion, and I think you've
- 22 testified to this in other depositions, that the hostage holders
- 23 in Lebanon were extremely independent and were likely to insist
- on their demands, no matter what?
- 25 C. The way I put it is that the Iranians have influence,
- 26 but they don't control the hostage takers. There are--I think

- 1 I--there are two separate Shi'ite communities in Lebanon. And
- 2 the--
- 3 W. I think you did describe the one in the valley, in the
- 4 Bakka Valley, and then there is the Urban group, is that the
- 5 correct distinction?
- 6 C. The Southern Lebanon--actually--in fact they are sort
- 7 of the last remnants of real **Sutilis**m in Lebanon were among the
- 8 Southerm Shi'ites. The Shi'ites in the Bakka Valley tended to be
- 9 pretty fiercely independent. And anyone that is familiar with
- 10 Lebanon, the area, would say the same thing, so--since no one
- 11 else has ever been able to fully control those people, I don't
- 12 see how the Iranians could.
- W. Well, that brings up another questions. There are--
- 14 there were points at which consideration was given to, I think,
- 15 the Israelis pressuring Col. Lahad to release Shi'ite prisoners
- 16 that he had with his Southern Lebanese army. I gather from what
- 17 you are saying that since those Shi'ites were probably from a
- 18 different Shi'ite community that would not have had great
- 9 influence on the Shi'ite in the Bakka Valley, is that correct?

20 C.
21
22
23
7 The

- 24 interesting thing though is the hostages held by the Phlange, or
- 25 the prisoners held by the Phlange that were Shi'ite--the Iranians
- 26 seemed to say well, that's a Lebanese problem, let them sort it

23

IINCI ASSIFIFA

- 1 out. They weren't too interested in any motion, you know in
- 2 getting those people released. They said the Phlange and the
- 3 Shi'ite will sort that out themselves.
  - W. Also participating in the Tehran negotiations, and I
- 5 think you have already mentioned them, what this
  - I think his true name is in fact He was denominated the monster during those meetings by some of the Americans according to Albert Hakim. First, were you familiar gobresset with that Sabras and are you familiar with where he picked it up.
    - C. This came about after the second channel, and he did
- 11 not participate in the meetings in Washington, but he did
- 12 participate in the first German meetings in Frankfurt on the 8th
- 13 through the 10th of October, and I don't know whether it was
- 14 Albert Hakim--I think it was Albert Hakim that sort of gave him
- 15 that Selecto, the monster. And he's a very hard negotiator. But
- 16 a very impressive guy.

10

- 17 W. I had understood Hakim to say that he received that
- .8 nickname in Tehran, is that at odds with your recollection?
- 19 C. Yeah, that's at odds with my recollection. I don't
- 20 recall that name being used until after we--in fact I found, of
- 21 the other people we dealt with outside of I found him
- 22 in Tehran to be the one most interested in some king of a
- 23 breakthrough. In fact, he's the one that told me--I was the last
- 24 one on the plane to leave, and I was talking to he and
- 25 and they emphasized, look, you know if this thing falls through
- 26 we should still talk to one another.

24

IINCLASSIFIED

| 1   | W. Hakim/also referred to the same as the engine. And           |
|-----|---|
| 2   | this was a term that he developed himself in the course of his  |
| 3   | deposition, but he referred to him as the engine because he saw |
| 4   | him in the second channel meetings as the driving force behind  |
| 5   | the negotiations. Would you agree with that characterization?   |
| 6   | C. Uhwe hadthere was a big debate aboutthere was                |
| 7   | arguments on the American side about who was the more important |
| 8   | one. You know, the relative or I always thought the             |
| 9   | relative was more important because he spokeyou know when an    |
| 0   | Iranian speaks with authority you can usually tell it. I mean,  |
| 11  | with they always thought that he wanted to check back           |
| 2   | with someone before he agreed to anything. Whereas the relative |
| 3   | was able to take a proposal and decide whether to go ahead with |
| 4   | it or not. There was some disagreement among the Americans on   |
| . 5 | who was more important. I think that one of the, one of the     |
| . 6 | important things though washe was the sole person we saw at the |
| .7  | last meeting.   |
| 8   | W. That's the meeting in November, or the one in December?      |
| . 9 | C. At both meetings. The lasthe came out to talk to             |
| 0   | North, Securd, Hakim and myself in Geneva at the beginning of   |
| 21  | November. And then he also came out for the meeting in December |
| 22  | with myself and Ambencedor Dunbar.                              |
| 23  | W. Let me just take a moment here while I look up a             |
| 24  | reference. The record should reflect that there was a 5-minute  |

25

25 break here for everyone to stretch his legs. We are now back on 26 the record. Mr. Cave, I want to see if you can reconcile what I

- 1 think is an inconsistency in the reports that were made on the
- 2 negotiations in Kuwait on a particular point. And that is--
- 3 C. In Kuwait?
- W. Excuse me, in Tehran. I've got Kuwait on the mind. In
- 5 Tehran. As you've already testified to, the subject of the Da'wa
- 6 prisoners arose while you were negotiating in Tehran. And in
- 7 your, in your summary you recalled that North addressed this
- 8 point and you quote North es saying that the United States would
- 9 not interfere in the internal affairs of Kuwait, particularly
- 10 where Kuwaiti due legal process had been carried out. Is that
- 11 consistent with your recollection?
- 12 C. Yes, that's consistent with my recollection.
- 13 W. Now, the Tower Report has one of the note-takers taking
- 14 down the following exchange. Saying our dispute is
- 15 over the lack of complete agreement, what can you say about the
- 16 blank, or it doesn't say blank, the held in Kuwait, is the way it
- 17 reads. There is a word missing. Then it has North responding.
- 18 It says, "North proposed a statement like: the U.S. will make
- 19 every effort through and with international organizations,
- 20 private individuals, religious organizations, and other third
- 21 parties in a humanitarian effort to achieve the release and just
- 22 and fair treatment for Shi'ites held in confinement as soon as
- 23 possible.\*
- 24 C. That's accurate except for the release part.
- 25 W. Now, do you have a specific recollection that that is
- 26 wrong?

26

- Yes I do. What North said, is as I said before, we won't inter--we cannot intervene where due legal process is taking place. But, what we will do is through international organizations and the Islamic equivalent of the Red Cross, do our best to make sure that the prisoners get good treatment, receive mail, visitors, etc., etc. But there was no--he did not, in Tehran, say anything about the release of prison--see to the release of those prisoners. 9 I'm going to proceed ahead to a little later period. Following the breakdown of the negotiations in Tehran, there came 10 a point when the United States began actively pursuing a, what's now been known as the second channel into Iran. Were you 12 13 familiar with how the notion of developing a second channel came to be? 15 c. Well, when we were in Iran, the Iranians told us that they were not happy with the Ghorbanifar channel. But 16 they said, if you guys insist on using it, its all right with us. 17 But we would like to use a different channel. We, of course, had the problem with the Israelis on Ghorbanifar, even after Tehran, 20 the Israelis were insisting, or the Israelis in the form of Ami Nir were insisting that Ghorbanifar had to be used. We decided 22 to Look for a married shannel, and the first step was
- 26 W. O.K. Let me move you back in time just a moment. When

27

And we met with him on the 10th and 11th of July in

23

25 Washington.

**IINCLASSIFIED** 

- 1 you said, we decided to seek a second channel, who is the "we"
- 2 you are referring to?
- 3 C. O.K. This was basically Col. North's initiative. I'm
- 4 talking about we, everyone that was involved. That we would look
- 5 for a second channel after the breakdown of the negotiations in
- 6 Tehran, and the problems we saw with it. And, we continued to
- 7 talk, or he continued to talk to General Nir, and I don't know if.
- 8 he saw Ghorbanifar or not.
- 9 W. You are referring to Nir?
- 10 C. I mean, no, I'm referring to Col. North in this period.
- 11 But we did actively look for a second channel, and that was done
- 12 by Albert Hakim and General Secord.
- W. Now, North's decision--I gather it was North's decision
- .4 to look for the second channel, is that what you are telling me?
- 15 C. To the best of my recollection: it came from the NSC. I
- 16 mean it wasn't--since it wasn't our operation, we didn't feel we
- 17 could make a decision like this.
- 18 W. That is we, CIA?
- 19 C. CIA, yes.
- 20 W. Albert Hakim in his testimony attributed the idea, he
- 21 believed, was the way he phrased it, to General Secord. Is that
- 22 consistent with anything you understand?
- 23 C. Well, I think that between General Secord and Col.
- 24 North. The idea--we were--it is kinda difficult--and everyone
- 25 was in agreement with--I mean, there is nothing that, you know,
- 26 there was no contention. I mean, everyone was in agreement, but

- 1 I--the action people in looking for it was certainly, you know,
- 2 General Secord, and of course Albert Hakim gave him a helping
- 3 hand. And the first step, as I mentioned before, was bringing
- to Washington on the 10th or lith of July.
- W. Now, that
- 6 Albert Hakim, correct?
- C. What--let me see if I can recall it. Through some
- 8 contacts of his in London we learned that
- 9 had contact with Iranians who were ex-officio, so to speak.
- 10 Running a purchasing operation in London. And when we met this
- 11 guy, because he had reported to Albert that the relative had come
- 12 out and asked for an American contact, and we assumed that this
- 13 was the Iranian effort also to set up a second channel.
- 14 W. Now, that I think, was memorialized in your, your notes
- 15 of the July 10, 11 meetings with--
- 16 ? You have copies of those?
- 17 W. Yes, we do. Let me pass your statement just a moment,
- 18 here. Your understanding was that Albert Hakim--well, let me
- 19 back you up even further than that. You said, "we made contacts
- 20 who then located the people who had the connection to the
- 21 relative. " . Who, when you say "we", is that CIA, or--
- 22 C. Excuse me. Albert Hakim. Albert Hakim had the
- 23 conta s. He had used to before in his
- 24 business. And in talking to him found out that this guy was
- 25 associated with these two firms in London. And found out about
- 26 the relative coming out. So what we wanted to do is, through

this official, when we brought him to Washington to talk to him, as you know from the notes, is very anxious to get in contact with the relative the next time he came out. And that was handled by General Sepord and Albert Hakim. They met with him in Brushels in August I believe. That's correct. This 7 Is that correct? That's correct. And, were you aware at the time that Hakim had proposed to the CIA back in--at least two times in 1983 as a 10 11 possible source of information? I should have been aware of it, but I couldn't recall 12 it because it was something we didn't pursue. Mormally in this 13 business when you don't pursue something it goes from your mind. But I think you, you in fact, showed me one of the cables that I 15 coordinated on. And I couldn't, I honestly couldn't recall it. 16 Possibly it might 17 So--but, we had nothing to do with have been because of the fact we knew 19 20 21 22 23 24 25

UNCLASSIFIED

26

| 1 C. |  |  |
|------|--|--|
| 2    |  |  |

- 3 W. Now, when he came to the United States, one of the
- 4 things he was subjected to was a polygraph examination which was
- 5 conducted by a private commercial firm. I think you were aware
- 6 that that was among the plans when he arrived. Is that correct?
- 7 C. That's correct. We didn't want--the agency did not
- 8 want to get involved in a polygraph.
- 9 W. O.K. That's my next question. Why not?
- 10 C. Well, we normally--it was not someone that we were
- 11 going to be using as an agent. I mean, the polygraph is prefty
- 12 much for us an in-house tool.
- W. That is, when you say us, you are referring to the CIA?
- 14 C. Yeah. It's a CIA in-house tool.
- W. Were you present when the commercial polygraph was
- 16 performed?
- 17 C. No. I didn't want to be president--present, excuse me,
- 18 not president--present. [laughter]
- 19 W. No higher ambitions even today, is that correct?
- 20 C. No. [laughter]
- 21 W. It is correct. Mr. Cave, the polygraph examination was
- 22 performed by the commercial polygraph examiner. I've had the
- 23 opportunity to interview him and he has told me that the
- 24 information that Albert Hakim gave him on which he based his
- 25 questions, was so indistinct that he could not vote for the
- 26 reliability of the test. Were you ever made aware that that test

31

#### UNCLASSITED

- 1 was not a reliable test?
- 2 C. No.
- 3 W. Is that something that you should have known?
- 4 C. . I would have liked to have known it at the time,
- 5 because the word I got from Hakim, that he passed the test.
- 6 W. Uh--
- 7 C. As a point here, most polygraph tests are inconclusive,
- 8 as you are probably aware.
- 9 W. Except the test you performed in January of 1986 on Mr.
- 10 Ghorbanifar?
- 11 C. When you have prize. [laughter] Suspect--subject like
- 12 Ghorbanifar, it's pretty easy to come up--see, the effectiveness
- 13 of the test is based a lot on the background **₫** information you
- 14 have from which to formulate your questions, because you can then
- 15 let the subject know that you know an awful lot about them.
- 16 W. That I think was part of the problem that this
- 17 polygraph examiner ran into. In other words, Mr. Hakim was
- 18 unwilling to expand on the background information that would have
- 19 allowed this polygraph examiner to sharpen his questions and get
- 20 a more precise result.
- 21 C. I never had any--I never knew the questions that were
- 22 asked on the test. All I know is this. Albert Hakim told me
- 23 that he had passed the test with particular emphasis on the fact
- 24 that was not now functioning as an agent of the Iranian
- 25 government.
- 26 W. Let me pursue this just one step further. The Iran

- 1 initiative was one of--was a very highly compartmented and
- 2 sensitive operation during the summer of 1986. Is that correct?
- 3 C. Well, yes and no. I mean, one of the real worries is
- 4 that we had too many outsiders that knew an awful lot about it or
- 5 we would have no discipline or control.
  - W. People like Ghorbanifar and ultimately people like
- 7 and his contacts in London, is that correct?
- 8 C. And the contacts in London also knew something was
- 9 going on.
- 10 W. The reason I pursue that--I think within the American
- 11 government it was considered to be a very sensitive operation.
- 12 Is that fair to say?
- 13 C. Yes, that's fair to say. There were very few people
- 14 that knew about it.
- W. Let me stop right here. I'll speak into the microphone
- 16 for the record. I'll stop right here and change tapes.

#### 18 [TAPE TWO (sides 3 and 4)

- 19 W. Let the record reflect that we had a short break
- 20 enabling me to change the tape, switch machines and make the
- 21 thing work. Mr. Cave, my question is, based on the importance of
- 22 the Iran initiative to the United States government, and
- 23 understanding your answer on the CIA not actually being the
- 24 operative agency here, still wouldn't it have been prudent to
- 25 employ the polygraph resources of the CIA on such a sensitive
- 26 matter?

17

- 1 C. Well, at the time, it seemed better to do it the way it
  2 was done because had been involved with Albert in
  3 business deals before, and they know each other. We didn't have
  4 much to base a polygraph on and did not really want to reveal
  5 anything about the initiative, so to the best of my recollection
  6 Albert Hakim said that he would devise questions with the
  7 polygraph operator which would get at our basic concerns, was
  8 many way involved with the Iranian government or
- 9 Iranian government agencies.

  10 W. Well, from what you say there it would seem to argue

  11 even more strongly that you or someone else in the CIA or the NSC
- 12 review the questions before they are asked.
- 13 C. Well, I don't know if anyone did. I don't know if Col.
- 14 North, or I--I assume, I don't know, I assume maybe General
- 15 Secord did. I didn't. I didn't review the questions, no.
- 16 W. Let me ask you a question in a different way. Were you
- 17 aware that following the meetings in Frankfurt in February that
- 18 had developed some concern about Albert Hakim
- 19 himself? Whether he was an appropriate person, and that was one
- of the motivating factors bringing you into this arrangement.
- 21 C. Yeah. I was asked about Albert, and as I recall, the
- 22 major comment I made was that you know, Albert is basically a
- 23 businessman. He's head and shoulders above Ghorbanifar, but you
- 24 gotta remember, he's gonna look at this initiative as a business
- 25 opportunity.
- 26 W. Did you, and I'm speaking personally now, did you have

34

IINCI ASSIFIED

- enough confidence in Hakim to feel comfortable in trusting him
- 2 with, this polygraph with
- 3 C. I think in the question of the polygraph, you are
- 4 imputing an awful lot more stature to me in this operation that I
- 5 had at that time. Remember, I had only taken part in the meeting
- 6 in Paris, and the trip into Tehran. And, at the time of this
- 7 polygraph had not done much with regard to the Iran initiative.
- 8 Nothing much had happened. As you recall it wasn't until--this
- 9 was the beginning of the second channel, and we did not have the
- 10 meetings in Europe which led to the release of Jenco, I guess it
- 11 was, at the beginning of all this. They did not occur until the
- 12 end of July. And what period you are talking about now is the
- 13 beginning of July. So, I was still looking at this, as was I
- 14 think, everyone else, as an NSC operation. And, I can't even
- 15 recall whether we were asked to provide a polygraph form. Or
- 16 whether there might have been some bureaucratic reason why we
- 17 couldn't do it at the time. No operators available. I just
- 18 don't recall.
- 19 W. Let me restate the question because I don't--I'm not
- 20 trying to exaggerate your importance here, I'm really trying to
- 21 get at your personal feelings at the time. Were you, were you
- 22 satisfied based on what you knew of Albert Hakim that he would
- 23 reliably perform this kind of a vetting of possible source?
- 24 C. I questioned Albert on this, and he said that he had a
- 25 lot of confidence in this polygraph operator. I think, in fact,
- 26 I think I recall him saying that he had used them before.

- 1 But the question really is, did you have confidence in Albert Hakim? c. Oh, I have found out in dealing with Albert, that when he says he will do something, he does it. And you can trust him 5 on that. My only concern about the use of Albert in this whole operation was that he is a businessman. And he made no bones 7 about it that he looked, he was willing to work for the benefit of the U.S. government, but he also was going to pursue any business opportunities that came up. Were you aware that there was a, I think was referred 10 to as a deregatory block on Albert Hakim, which prevented him from 11 going into the Old Executive Building? I was aware of that. But I never did find out 13 C. precisely what it was. 15 Did that cause you any concern? 16 C. Yeah, it caused me some concern, 17 couldn't come up with any reason why he should 18 have this derogatory block. Mr. Cave, also during this June-July period, I gather 20 w. you began to meet and had at least one or two meetings with 21
- 24 W. I met with him once in July, toward the end of July,

is that correct?

Yes.

C.

c.

23

25

26 and that was a very promising meeting. But this was coordinated

with the State Department. I gave them, you know, a full rundown
of everything that transpired at the July meeting.



- 10 W. Let me bring something to your attention and let me ask
- 11 if you are aware of it. In North's notebooks there is an entry
- 12 dated July 7, 1986. North notes that he has to get a biography
- 13 of the for Abe, which was the pseudonym for Hakim. Were
- 14 you aware that Hakim was looking for a biography of
- 15 early July of '86?
- 16 C. No.
- 17 W. Do you have any idea why he would have been looking for
- 18 a biography of
- 19 C. I don't know. Col. North was, of course, aware of the
- 20 contact with And was aware of our operational
- 21 interest in him. But I have no--he never told me that he had
- 22 discussed this with Albert.
- 23 W. Had you known that he had discussed it with Albert,
- 24 would that have surprised you?
- 25 C. Yeah, I would want to know why.
- 26 W



- 9 W. I'm gonna go through this particular entry in North's
- 10 notebooks and ask you if you have any information on this. The
- 11 note is, as I think I ve indicated, July 7, 1986. It's headed
- 12 "Meeting with Abe." It notes the computer at the White House has
- 13 a hold on him. And it says, because bio for Abe." And then
- 14 it has a list of objectives. And the way these read is
- 15 "legitimate", it says "legit bus with Australia," which I read as
- 16 legitimate business with Australia. "Legit security contracts
- 17 with U.S. entities. Financial network. Income earners. Jose
- 18 Defex. Going back to Australian, on July 18, 1986, and the last
- 19 entry is
- 20 don't close." Let me go through that with you Mr. Cave. Do you
- 21 have any idea what they are talking about with this legitimate
- 22 business with Australia?
- 23 C. That might--Australia might refer to
- 24 referred to him as the Australian.
- 25 W. Assuming that Australia refers to the country of
- 26 Australia, would that have any meaning to you?

38

IINCI ASSIFIFD

- 1 C. No.
- W. How about the entry with respect to Jose Defex?
- 3 C. I draw a complete blank on that.
- 4 W. Do you know what Defex is?
- 5 C. Defex? Not offhand.
- 6 ? Defex? Doesn't ring a bell with me.
- 7 W. If I were to tell you it's a Portuguese arms company,
- 8 would that ring a bell?
- 9 C. Oh. Yeah. I've heard of it, yeah. Yeah, I've heard
- 10 of it now. Defex--is that what it is? Defex? I thought it was
- 11 Detex or something like that.
- 12 ? D-E-F-E-X.
- 13 C. D-E-F-E-- O.K.
- W. There are, I think, at least two large companies that
- 15 have an inter-relationship. One is Defex, and the other is
- 16 Indep.
- 17 C. One of those, I forget which one, General Second had a
- 18 close relationship with.
- 19 W. Yeah. That would be Defex.
- 20 C. O.K.
- 21 W. There's a reference here. The Jose is not explained,
- 22 but there is a Jose Garnell. Does he, excuse me. Does that name
- 23 mean anything to you?
- 24 C. No.
- 25 W. The entry with respect to
- that was not new information to you was it?

UNCLASSIFIED 1 2 3 5 7 General Hashemi is the one who introduced Ted Shackley to Ghorbanifar back in November of 1984. Did that information come to you at all during the course of this initiative? 13 When Shackley came to him he thought it was a lagitimate enterprise. 16 This is General Hashemi? 18 And, uh-c. Yeah. 19 20 W. This isn't the same meeting with Mr. Shackley? But through this. And so Shackley, Shackley c. 21 No. 22. told him he was functioning on behalf of the MSC. in Hamburg in helped set up the meeting with August of-November of 1984. I found this out after the fact. nothing ever happened. 26

#### 1 You are speaking contact had been brokered by 5 10 11 Do you know yourself how he and Mr. Shackley met? 12 c. No. M. Do you know that they have been in business together, 13 and I think still are, in business together? 14 15 Oh, yeah. I knew -- I was aware that they were in some 16 kind of business together. But I don't know how they met. 17 18 Mr. Sharkley, in Movember of 1984, not only met with Manucher Ghorbanifar, but he met with, I think his entry was, 19 20 Is that the same as the 21 c. yes. then? 22 W. Now, is there -- who is 23 C. They are two brothers. One -- the first names I'm not --And 24 one is a the other has a position, I think in the I'm not sure. There are -- actually they're originally

| 1  | tribesmenunusual for a tribesmen to be a clergyman.             |
|----|---|
| 2  | very important because he controls an awful lot of money and is |
| 3  | considered by a lot of people to be somewhat moderate.          |
| 4  | W. And you are referring to the referring?                      |
| 5  | c.  |
| 6  | W. And  |
| 7  | C. And I think that is the one he met in Hamburg. I'm not       |
| 8  | sure.   |
| 9  | W. Do you recall which name goes with which. Whether            |
| 10 | goes with the   |
| 11 | C. I thinkI'd have to check the records to be sure of           |
| 12 | itI think its   |
| 13 |   |
| 14 | W. Was it your understanding that Mr. Shackley actually         |
| 15 | met with or not his brother in November of '84?                 |
| 16 | C. I was told that he met withmy understanding was that         |
| 17 | he met with I don't know if that's true or not.                 |
| 18 | W. And that's an understanding you gleaned from                 |
| 19 | is that correct?  |
| 20 | C. That's correct.  |
| 21 | W. And I  |
| 22 | C. Although, one thing that might beI think at one point        |
| 23 | Ghorbanifar said that they hadnosomewhere there is a report     |
| 24 | that said Ghorbanifar had dressed someone up like an Ayatollah  |
| 25 | and [laughter] I don't know whether it's pockets or not,        |
| 26 | but I know there is a report somewhere that Ghorbenifar had     |
|    |   |

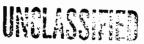
- 1 dressed a guy up like an Ayatollah and had him talk to Shackley.
- 2 But I don't know whether this is probable or not. But it's
- 3 something that Ghorbanifar would think of doing.
- 4 W. You don't find that to be incredible?
- 5 C. No, I don't find that to be incredible. And I can't
- 6 remember where we got the report. I know there was a report
- 7 somewhere along the line that actually Ghorbanifar had just
- 8 dressed someone up like an Ayatollah and had him meet with
- 9 Shackley.
- 10 W. Mr. Cave, let me just dwell on this for a few more.
- 11 moments. You recall last time we met, which I think was back in
- 12 early July, I showed you a series of memoranda and cables
- 13 relating to a proposal back in early July, I showed you a series
- 14 of memoranda and cables relating to a proposal back in August of
- 15 1976 to, from Theodore Shackley to use Albert Hakim as a source
- 16 for the CIA. Do you recall that?
- 17 C. I recall you showing me the cables, yes.
- 18 W. Do you have any idea, or do you have any knowledge as
- 19 to how Mr. Shackley met Mr. Hakim?
- 20 C. I don't recall. And one of the problems, since nothing
- 21 ever happened--you know, I never paid any great attention to that
- 22 proposal. It went by the boards. We never did use them.
- 23 W. Mr. Shackley has told us that he met Albert Hamin
- 24 through Ed Wilson. I gather that's something that you didn't
- 25 know.
- 26 C. I knew that, oh, uh, that Albert had been--had known

43

- 1 Ed, Ed Wilson, yeah. But I still to this day don't know what
- extent he was involved in any kind of business with him.
- 3 W. And when would you have known that. That Hakim had
- 4 some background with Ed Wilson?
- 5 C. I think it was when I reviewed his file. I think there
- 6 is something in the file that says something about that. I'm
- 7 not--I couldn't swear to that, but as I recall, I believe there
- 8 is some--there's a couple pieces from the paper relating to a
- 9 relationship with Ed Wilson. And that would be when I asked to
- 10 look at the file after I knew that Albert was in the loop, so to
- 11 speak, on this operation.
- 12 W. And that would have been approximately when?
- 13 C. Probably sometime in, oh, late March, early April of
- 14 last year.
- 15 W. Did you, independent of your review of the file, did
- 16 you have any knowledge of Albert Hakim having any association
- 17 with Ed Wilson?
- 18 C. I don't recall any, no.
- 19 W. Reviewing the file didn't bring back any independent
- 20 memory, is that correct?
- 21 C. No. I knew of Albert Hakim, but never had had any
- 22 dealings with him. He's a pretty well-known businessman in
- 23 Tehran.
- 24 W. Did you pursue this with him at all? Did you ask him,
- 25 himself, about his background with Mr. Wilson?
- 26 C. I did at one point, and he told me it was the dumbest

44

- 1 thing he ever did was getting involved with Ed Wilson.
- 2 W. Were you aware of General Second having had some
- 3 involvement with Ed Wilson?
- 4 C. Yes, I was aware of that.
- 5 W. Let me just put these two things together and ask you--
- 6 and I'm just speaking on a--you know, your own personal reaction.
- 7 Did the combination of all this knowledge about Hakim having had
- 8 an association with Wilson, and Secord having had an association
- 9 with Wilson. Did that cause you any misgivings about the
- 10 participation of these two men and the very secret and sensitive
- 11 initiative?
- 12 C. I talked to Col. North about this.
- 13 W. What did he say?
- 14 C. And what he told me was essentially that, look, these
- 15 guys made a mistake, and if they had it to do all over again,
- 16 they wouldn't do it. They realize it was a dumb thing to do, and
- 17 they are working to basically now prove themselves. Albert wants
- 18 to really--one of the things, I'll never forget--North told me,
- 19 he says, "Albert Hakim is very interested in proving that he's
- 20 worthy of being a citizen of this country."
- 21 W. Did you know at any time during this initiative that in
- 22 December of 1983 General Secord had applied to CIA for a security
- 23 clearance and it had been denied?
- 24 C. I didn't know that, no.
- 25 W. When--after Father Jenco was released in--I think it
- 26 was on July 26 of 1986, Manucher Ghorbanifar met with, I think



### UNCLASS...LD

- 1 you, and North in Europe. Is that correct?
- 2 C. Yes. We had a meeting, I think it was in Frankfurt, if
- 3 I remember correctly.
- 4 W. Now, at that meeting, if I recall correctly, he advised
- 5 you of what it was that he had promised the Iranians to get
- 6 Father Jenco released, is that right?
- 7 C. I'm trying to recall it. I didn't take any notes on
- 8 that meeting, because North took all the notes. Nir was there.
- 9 I think that -- as far as I recall the commitment was for the rest
- 10 of the spare parts. I'm trying to remember if there was anything
- 11 else.
- 12 W. Now these are the same--when you say the rest of the
- 13 spare parts, these are the spare parts that were planned to be
- 14 delivered in--to Iran in May, is that correct?
- 15 C. That's correct. The remainder of them. I don't recall
- 16 any other commitments that were asked for at that meeting. I
- 17 think it was to continue the thing, we should deliver the rest of
- 18 the HAWK spares.
- W. Do you recall whether at this meeting he proposed what
- 20 I think has been, in shorthand fashion, referred to as the
- 21 sequential release of hostages and delivery of arms.
- 22 C. Yeah. What he told us is that he indicated that he had
- 23 sent a letter and we were supposed to have a copy of it. This is
- 24 the famous letter in which he makes all these terrific proposals
- 25 to the Iranians. And there is the idea of sequential release in
- 26 that letter. We didn't get that letter until after the fact, as

46

# LINDI ACCIDICA

- 1 you are aware.
- 2 W. And if you would for the record, just relate how it was
- 3 we ultimately came into possession of that letter.
- 4 C. Either he or Nir sent a copy of it to us via DHL, to
- 5 Col. North.
- 6 W. The notion of sequential referral was a departure from
- 7 past U.S. policy, is that correct?
- 8 C. That's correct.
- 9 W. Do you recall, and let me place you in the month of
- 10 August. Do you recall any discussions with North about the
- 11 advisability of departing from the prior policy of insisting on
- 12 all the hostages at once, and adopting the policy of sequential
- 13 release?
- 14 C. No. I always felt in this operation, you know, we were
- 15 the mechanics. That the policy decisions were made at the White
- 16 House. And the way they wanted to do it was all right with me.
- 17 W. Just to be clear. You say, "we" again. We the
- 18 mechanics, so that's the CIA. Is that correct?
- 19 C. That's correct. That's the CIA. Now it was -- we did
- 20 not immediately, as you recall, release the rest of the spares.
- 21 There was some discussion in Washington about the advisability of
- 22 going along with this. And I remember a conversation I had with
- 23 Director Casey on it.
- 24 W. What was the position that he took?
- 25 C. Well, he was asking for my opinion, and I said look,
- 26 the spares are sitting in Israel. The Israelis don't want them.

- 1 We can't take them back. If they want to keep the initiative
- 2 going they might as well send them, send the damn things in.
- 3 Also, no matter what kind of a sleaze Ghorbanifar is, he's on the
- 4 hook for an awful lot of money. And he's not going to be able to
- 5 collect anything until those spares are delivered. So those were
- 6 my recommendations and Casey pretty much went along with them.
- 7 W. Was there, in your conversation with Director Casey,
- 8 consideration given to the inconsistency between saying in May
- 9 you can't have any of these, any more of these, until the
- 10 hostages are released, and then at the end of July with one
- 11 hostage released, giving them all over to the Iranians?
- 12 C. I'm trying to recall. After the--in the immediate
- 13 aftermath of the visit to Tehran, there was a lot of talk about
- 14 the initiative being over, as you'll recall. I was probably more
- 15 upbeat than anyone on the plane because I had a lot of private
- 16 conversations with Iranians. And I concluded that no matter what
- 17 happened, they were very much interested in some kind of a
- 18 strategic dialogue with the United States. I think that -- we had
- 19 a meeting also with Nir before the meeting with Ghorbanifar. And
- 20 as I recall, the sequential idea came up first there. I mean, it
- 21 was Ghorbanifar. Because Nir was speaking from the letter. And
- 22 Mir later admitted that he had authorized Ghorbanifar to make
- 23 some of the commitments that he had made in that letter. But not
- 24 all of them. Now, I never got it straight in my mind which ones
- 25 he had said he could make, and which ones he did not authorize.
- 26 W. And you are referring now to the early August meeting

48

- 1 in London, is that correct? Or are we still in late July?
- 2 C. I thought we met--didn't we meet with him in July also
- 3 in London?
- 4 W. That is Nir?
- 5 C. Nir. Maybe it was August.
- 6 W. Well, let me ask you that question--
- 7 C. Oh, yeah, it might--I guess--see, when we met with
- 8 Ghorbanifar en the 25th, we did not have the letter.
- 9 W. That is the letter to
- 10 C. The letter that he had sent to And I'm kinda
- 11 hazy in my memory now when it was. I was not sure whether we met
- 12 Nir before and then--I get dizzy trying to--we met--it was Nir
- 13 and Ghorbanifar and North and I at the end of--because that was--
- 14 I was called up from Geneva to meet with them. I had just met
- 15 with I think on the 25th of July. I'm not sure.
- 16 But, whether we met--I do not recall whether we met with--we had
- 17 a meeting with Nir in London before that, or it was immediately
- 18 after that, in August.
- 19 W. Let me ask you this. There was a meeting in August, on
- 20 August 8, between Wir, North and Ghorbanifar: Do you recall
- 21 whether that you have been a meeting that you would have gone to?
- 22 C. No. Because the meeting that I'm talking about was
- 23 just Ollie, Wir and myself. And we flew to London one morning
- 24 and I flew back the next day.
- 25 W. In September, in early September, North had a meeting.
- 26 with Poindexter in which he discussed the desirability of



- 1 adopting a sequential release policy. Were you at any time
- 2 brought into these discussions with North?
- 3 C. No. He would just apprise me of what they were going--
- 4 of these discussions with Poindexter and what they were--what the
- 5 White--you know, I guess the White House or the NSC, had decided
- 6 on.
- 7 W. Do you recall him advising you at some point in
- 8 September that, that the sequential release notion had been
- 9 approved by the White House?
- 10 C. I don't remember him specifically saying that this
- 11 thing here has been approved because the position we took with
- 12 the second channel was that the seven points, as enunciated in
- 13 Tehran, would be, would be an--I don't know how you want to
- 14 phrase it or characterize it--but would be an agreement that the
- 15 United States would adhere to with Iran. Now, the idea of a
- 16 sequential release, as I understood it, was [SIDE 3 ENDS] The
- 17 fact that there was still a certain amount of mistrust and
- 18 perhaps the sequential idea is the best way. They do this and we
- 19 do this, and they do this, and we do this. That type of thing.
- 20 That's the way I understood it. But, I was not involved -- a lot
- 21 of this evolved from I gather private discussions between North
- 22 and Landrag Manager Me had several meetings at the White
- 23 House. A couple meetings with Poindertor. But it was basically
- 24 the overall thing. And I don't recall really being in one of
- 25 those meetings until after the second channel. I think there was
- 26 one before, immediately before we met with him, then one

50

- 1 immediately after. That one I remember clearly on the 24th of September. 3 W. O.K. We'll go back and cover September in just a Mr. Cave, we are back on the record. I'm going to go back and forth on some subjects here, so fasten your safety belt. Reports came out of the meeting with, the first meeting with the 7 second channel, that is a relative, on August 25th, that there was a separate TOW transaction that the Iranians were trying to put together. I think the fellow's name was Escandari. 10 Out of Spein- Ware you familiar with that separate TOW 11 transaction as it was developing? 12 Yes. That was one where this guy was claiming to have, 13 I forget how many TOWs it was, and we did everything. 14 and we came 15 to the conclusion that despite all of the information that we were getting that this deal was going down, that it was a 17 spurious deal. 18 19 W. Do you recall when they reached that conclusion?
- 20
- c. I can't recall the exact date, no. But I know that, we 21
- 22 had had word that supposedly the stuff had been shipped and our
- people say, hey, that's a bunch of crap. We would have
- picked it up.
- 25 Were you aware that North contacted Charlie Allen on
- this, and asked Allen to report the matter to Customs? 26

51

- 1 C. Yeah, we were--and we did, we did contact Customs that
- 2 we have this report. And Customs was never able to develop any
- 3 concrete information on it. And also our--this munitions--
- 4 munitions people said that they thought that it was false.
- 5 W. According to Allen's memo on the subject, Hakim told
- 6 him that he suspected that Ghorbanifar and Khashoggi were behind
- 7 it. Was that ever any information that you could verify?
- 6 C. Yeah. As I recall there was that speculation of
- 9 Hakim's--I think we were able to put, oh, I'm not certain of
- 10 this, but I think this guy Erajaskanderi, I believe it was. Who
- 11 was, had some connection with Ghorbanifar. But whether Ghorbani-
- 12 -we never, I don't think we ever got any concrete evidence that
- 13 Ghorbanifar or Khashoggi were involved in this deal.
- 14 W. This subject came up in early, or excuse me, late
- 15 August. Our first written information on it is a report that
- 16 Secord made to North on August 27. North's notebooks reflect
- 17 that there is still concern about this possible transaction as
- 18 late as October 22. Were you aware of that?
- 19 C. I don't remember the exact dates. North's concern was
- 20 that he didn't want the Iranians to get hold of TOWs because that
- 21 was one of the things we were authorized to deal with them with.
- 22 And if they were able to develop an alternate source of TOWs, it
- 23 would weaken our negotiating position. This is why he was
- 24 pursuing shutting this deal off as--if at all possible. But as
- 25 far as I recall, when we concluded, there was never a real deal.
- 26 Our people were pretty certain of that.

52

UNCLASSITED

| 1   | W. Do you know whether the existence of this possible TOW         |
|-----|---|
| 2   | deal in which Escandari was involved played any role in the       |
| 3   | reduction of the price of the TOWs in the October transaction.    |
| 4   | That is, the reduction by the United States of the TOW price?     |
| 5   | C. None that I know of. I never heard of any.                     |
| 6   | W. Let me shift onto another subject. Charles Allen wrote         |
| 7   | a memo in September, on September 8 of 1986, which was directed,  |
| 8   | ultimately directed into Admiral Poindexter's hands by Lt.Col.    |
| 9   | North attached to emother September 8 memo that Lt.Col. North     |
| 0   | wrote. And in Mr. Allen's memo he had the observation that, and   |
| .1  | I'll quote this, "more and more we suspect that some Hizballah    |
| .2  | leaders would be willing to settle for the release of the         |
| . 3 | Americans and the French for Shi'ite prisoners held by Anton      |
| 4   | Lahad's Southern Labanasa army. He prefaced that remark by        |
| 5   | saying that those holding the American French are frustrated      |
| 6   | because there are me, they were no closer to securing the release |
| 7   | of Da'wa prisoners than they were in March when they kidnapped    |
| 8   | William Buckley." The import of that, or at least the way that    |
| 9   | reads is that in Mr. Allen's opinion there was coming a point     |
| 0   | where the hostage holders were becoming frustrated that they were |
| 1   | not making any progress on the Da'wa, and perhaps were willing to |
| 2   | settle for the Shi'ite who are held prisoner in Southern Lebanon  |
|     | Was that first was that as anisted that were aware of and         |

5 September -- you would have endorsed?

UNCLASSIFIED

second was it one that, at that time--and this would be early



- 17 Yeah. I would agree in the sense I think it was
- plausible 18

19

- you have to be careful about the generalizations you make. But
- 21 certainly what Mr. Allen wrote was entirely plausible, and fit in
- 22 with things as we understood them at the time.
- 23 Do you recall being aware that he submitted that
- opinion in September, on September 8, or in that time frame?
- Yeah. I don't specifically recall # it, but it rings c. 25
- a bell that something like that went forward. And, go off the 26

1 record.

. . . .

- 2 W. O.K. We are back on the record. Mr. Cave, during this
- 3 period of time, let me put you in the August-September-October
- 4 1986 time frame. Were you providing advice to North or
- 5 Poindexter on yourself on whether there was any flexibility being
- 6 shown on the Da'wa issue?
- 7 C. By the Kuwaitis? On the--
- 8 W. I'm thinking really on the, on behalf of the hostage
- 9 holders.
- 10 €C.
- 11 there was nothing that I could really have provided them with.
- 12 W. So you were not providing them with that kind of
- 13 information.
- 20 experience in the area, I thought that the hostage takers and the
- 21 Iranians are going to have to make pretty, pretty iron-clad
- 22 guarantees that there would be no more operations run against the
- 23 royal family in Kuwait before there would be any motion on the
- 24 Da'wa prisoners.
- 25 W. How would, let me ask you just hypothetically, what
- 26 kind of a, what kind of an iron-clad agreement could a group as

==

- shadowy as the Da'wa give to a, basically to a government on
- 2 whether they'll continue to perform terrorist acts.
- 3 C. Now you get into--if you'll go to my report on the
- 4 final meeting in November in Geneva, one of the things that I
- 5 argue for, is that, look, the Iranians are going to have to deal
- 6 directly with the Kuwaitis on this, because they are the only
- 7 ones that have the influence to make the guarantees and how the
- 8 Da'wa thing ends is, we have an all day argument
- 9 I think on the 9th of November. An exhausting one. It lasted
- 10 the whole damn day. It was almost entirely devoted to the Da'wa
- 11 prisoners. And which we said we had done everything we possibly
- 12 could, it's now up to you guys. And the final thing, he says,
- 13 O.K.,
- 14
- 15
- 16 W. O.K. We are going to return to that, later on in--
- 17 C. Because that is one of the things that I think, where
- 18 Secretary Shultz in his testimony was way off.
- 19 W. We are going to get to that, too. So make a mental
- 20 note of that, and we will definitely get to that. The next thing
- 21 I want to ask you about, is there was an article that appeared in
- 22 between the two meetings in Germany. One was on October 6-8, was
- 23 the Frankfurt meeting, and then there was a meeting in Meinz on
- 24 October 29-30. Inbetween those two meetings, an article appeared
- 25 in Newsweek magazine on the subject of the Americans held hostage
- 26 in Lebanon. And that article, which was dated October 20,

- 1 actually came out earlier than that, and it contained the
- 2 following observation. First, it stated that Jacobsen, Anderson
- 3 and Sutherland were being held by the Magnia family members of
- 4 the Mausi clan. Then it went on, and I'll quite ostensibly,
- 5 "they snatched their victims to trade for seventeen confrairs in
- 6 terror jailed in Kuwait. But intelligence sources believe they
- 7 might settle for springing just three Lebanese Shi'ites among
- 8 them, who have been sentenced to death." First, let me ask you,
- 9 do you recall this article coming out?
- 10 C. Yeah. I think I recall it now. We were somewhat
- 11 concerned about it.,
- 12 W. Why was that?
- 13 C. We were wondering whether somehow, somewhere, something
- 14 had leaked on the initiative. But I don't know if anyone ever
- 15 made any conclusions about it. I don't think security ever
- 16 investigated, made any investigations or anything.
- W. Now when you say, we wondered about it. Who was
- 18 curious about this?
- 19 C. Well, the people that were involved. Charlie Allen,
- 20 myself, and I think and Col. North. Somewhere that
- 21 someone had leaked momothing to them -- to Newsweek. Some person
- 22 unknown to us. Or whether it was just coincidence that Newsweek
- 23 had come up--developed this story independently. Its so
- 24 fragmen--as you know from the article, its pretty fragmentary.
- 25 So its hard to tell. But it gets a little bit close to home, you
- 26 know, about what we were doing.



- W. It was quite close to home at that point, wasn't it?
- 2 The--I gather then that there was speculation, but no
- 3 investigation, that you know of made on who the "intelligence
- 4 sources" were who were the source of the Newsweek article, is
- 5 that right?
- 6 C. That's correct. Because in a situation like that, if
- 7 you investigate, you only call attention.
- 8 W. Now there are--the White House put out some press
- 9 guidance on this, which was dated October 14, and the press
- 10 guidance said that the, it had a series of questions that posed
- 11 and then answered itself, and in response to the central theme of
- 12 the article, which was that if only three Lebanese Shi'ites were
- 13 released, the hostages could come home. At least Jacobsen,
- 14 Anderson, and Sutherland. The press guide then said, "the
- 15 question is not whether we would meek the release of three or
- 16 seventeen prisoners, we will not negotiate the exchange of
- 17 innocent Americans for the release from prison of tried and
- 18 convicted murderers held in a third country. Nor will we
- 19 pressure other nations to do so. To make such concessions would
- 20 jeopardize the safety of other American citizens and would only
- 21 encourage more terrorism." Were you aware that the
- 22 Administration was putting out that kind of press guidance in the
- 23 water of thes article?
- C. I can't recall exactly what I knew or didn't know right
- 25 now, because it's a long time ago. But there is one thing that
- 26 this has jogged my memory on. One of our concerns was the three

- 1 condemned to death. Because we knew that they were never going
- 2 to get out. And we were worried about that. It was someone else
- 3 leaking something to the press to tell us what their final price
- 4 was going to be. But, I don't -- I assume that Col. North had
- 5 played some role in this, in this statement to the press. But I
- 6 don't know that for a fact.
- 7 W. Now the statement to the Press would have come on the
- 8 heels of the Frankfurt negotiations.
- C. Frankfurt negotiations.
- W. And the Frankfurt negotiations resulted in what Albert
- 11 Hakim has agreed ought to be called the Hakim Accords. Otherwise
- 12 known as the mine-point plan, which maybe that's a term you would
- 13 prefer.
- 14 C. Actually if you look at them, they are not much
- 15 different. It's just an expansion. The original seven-point
- 16 proposal that was given to the Iranians in Tehran.
- 17 W. O.K. Well, I want to go over that plan with you in
- 18 some detail. First, however, there is a--putting aside the Hakim
- 19 Accords, there is a October 10 PROF memo, which was reproduced in
- the Tower Report, only it omitted Point 3. Point 3 reads, "Copp
- 21 and Sam help prepare a plan for approaching the Kuwaitis to
- 22 guarantee no more terrorism against the Amir and by which the
- 23 Amir will use a religious occasion to release some of the Da'wa."
- 24 They will take this plan to the Hizballah as their idea (face-
- 25 saving gesture) with the Hizb.\* Do you recall that being part of
- 26 the nine-point plant, reduced to the seven-point plan on a PROF

#### United States

1 note.

26

2 c. Yeah, I recall that. I recall this. As you can see, the plan that we finally game them was what had come up at the Movember # meeting in Geneva, with which you guys have gotta pick. up the ball and run with it. We've done everything we can. the only thing that I know of that was done--excuse me a minute. while I take a look at this. I don't know if it was this meeting, but at some point what the Iranians told us was that they were concerned about the five that got the short terms. Of these seventeen, three were sentenced to death. Nine got medium 10 to long prison terms, and five got very short prison, I think it was just four years or something like that. What they were 12 concerned about, is that the Monias people, was that the five 13 14 would not be released when their terms were up. Now, the only 15 commitment that I can recall that was made to the Iranians was that Col. North said that he or Admiral Poindexter would talk to 16 the, I think the Kuwaiti Foreign Minister about this, to see if in fact the Kuwaiti's would release these guys when their term 18 19 was up, and my understanding--I can't prove it--but that actually 20 took place, because the Iranians were subsequently told that these people would be released when their terms were up. 21 O.K. Let me first just make it clear for the record 22 what I have handed to Mr. Cave and what he has reed as a FROF note, dated 10/10/84 with the, and the time of the PROF note is 25 215531 hours. It bears our Committee identifier of M12176 and it

has a page 213 up in the upper right-hand corner. Now, Mr. Cave,

- 1 I'm going to return to the subject of the negotiations in
- 2 Frankfurt later on this afternoon, but the reason I put that PROF
- 3 note in front of you is that that PROF note is based on the
- 4 Frankfurt negotiations, is that correct?
- 5 C. Yes, that's correct.
- 6 W. And the note does contain in it, a description, in
- 7 general terms of an effort that--an undefined effort--that you
- 8 and General Secord are going to undertake to see if some of the
- 9 Da'wa can be released. Is that correct?
- 10 C. What it was, is that we were supposed to come up with
- 11 some sort of plan of action for the Iranians with regard to the
- 12 Da'wa.
- W. Right. And that's what is embodied in point three.
- 14 C. That's embodied in point three.
- 15 W. O.K. Now, my question is, this, the PROF note appears
- 16 on October 10. The article appears not long after that because
- 17 the press guidance on it is dated October 14. Do you know
- 18 whether any consideration was given to whether this press article
- 19 was leaked in order to support the effort that had been made in
- 20 Frankfurt by preparing public opinion for partial release of the
- 21 Da'wa prisoners?
- 22 C. No. I have absolutely no information about any
- 23 purposeful leak of that type.
- 24 W. And what I'm saying, and I know you are reading me
- 25 clearly, is that, is whether this leak might have come from
- 26 within those people who were participating in the Iran

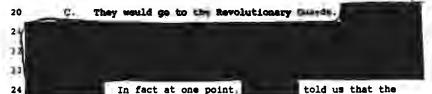
61

- l initiative.
- C. I know nothing about that, no.
- 3 W. Again, this is another cameo subject I'm going to take
- 4 out of the Frankfurt and Meinz negotiations, before I go into
- 5 them in great detail. You were aware that
- 6 he was known in the pseudonym, one of his pseudonyms, was an
- 7 intelligence officer with revolutionary quards, is that right.
- 8 C. Our first indication was when we were in Tehran.
- 9 because when he was introduced, Ghorbanifar this me out in the
- 10 hall that he has an intelligence connection.
- W. You didn't know that already?
- 12 C. No, this was when--we'd never met the man until we
- 13 arrived in Tehran.
- 14 W. Were you not aware that he participated in the
- 15 Frankfurt meetings in February of '86?
- 16 C. Oh, no, no. I wasn't aware of that, that this was the
- 17 same guy. No. No. I mean, when I first--the first time I knew
- 18 anything about him was when he was introduced to me in Tehran.
- 19 And Ghorbanifar on the side said that this is an intelligence
- 20 officer. And I think that's the first time that we were told
- 21 that he had any kind of an intelligence function.
- 22 W. Did that come as news to you now that he was-he
- 23 participated in the Pebruary meeting.
- 24 C. Yes. I didn't know that it was he that participated.
- 25 I never knew that.
- 26 W. Albert Hakim advised us that it was one in the same

| 1 | person. | UNCLASSIF |  |
|---|---------|-----------|--|
|   |         | 01104     |  |

- 2 C. I wonder why Albert never told me?
- 3 W. I can't answer that. General Second would have known
- 4 as well.
- 5 C. They never told me that he was--is all I, is that it was
- 6 and and one or two other Iranian military officers. They
- were described to with me.
- 8 W. Well, Hakim and--well I know Hakim specifically--
- 9 advised us that the man he called the engine was present at the
- 10 February intelligence briefing that General Second, under the
- 11 pseudonym of Richard Adams, performed for the Iranians.
- 12 C. Learn something every day.
- 13 W. I believe the background information on the relative
- 14 was that he, too, had a revolutionary guard background,
- 15 is that right?
- 16 C. Yes. He had been in the revolutionary guard ever since
- 17 he got out of high school.
- 18 W. Now, the revolutionary guard is distinct from the
- 19 Iranian army, is that not correct?
- 20 C. That's correct.
- 21 W. And that's the military arm of the--would it be fair to
- 22 say of the more radical element within Iran?
- 23 C. No. I think that what brought about the revolutionary
- 24 guard was the mistrust by the clergy of the military, of the
- 25 regular military. Almost an exact replica of what happened in
- 26 the Russian revolution, is that the Red Army was created by

- 1 Trotsky to replace the regular military organization, and what is
- 2 happened in Iran is that the Rev Guard is gradually replacing the
- 3 regular military in Iran.
- 4 W. They are not considered to be more radical than the
- 5 Army itself?
- 6 C. They are considered to be, they are considered to be
- 7 more radical, because the military was pretty much Argolitical,
- 8 and these guys were organized you know, initially for political
- 9 purposes. They were the arm, they were the executive arm of the
- 10 revolution, so to speak.
- 11 W. The members of the Revolutionary Guard would be more
- 12 properly characterized, true believers than members of the
- 13 regular army. Is that fair to say?
- 14 C. That's fair to say.
- W. Do you--were you aware who was getting--let's limit
- 16 this to the HAWK spares. Do you recall who was getting, or did
- 17 you know who was getting the MANK spare parts? Whether they were
- 18 going to the regular Army or whether they were going to the
- 19 Revolutionary Guards?



25 military approached and said we hear you guys got some TOWs, we

26 need them. And they didn't give them to them. In fact, they

64

- were saying if when this whole deal goes through, if we get all
- the TOWs, we are going to sell some of them to the military.
  - W. That sounds like a close, professional relationship.



- 10 meetings with the second channel, they say that Israel's
- 11 footprints can't be, in this at all. And, one of the, I think one
- 12 of the real motivations for Israel to contact on this, is that
- 13 they desperately want a strategic relationship with Iran, and by
- 14 1984 they began to see that unless the United States gets back in
- 15 a position of influence in Iran, there is no chance for them.
- 16 W. This remark that the relative made, about
- 17 the Army coming to them for the TOWs. Were these the February
- 18 TOWs, the 1000 TOWs they received in February, or the later
- 19 October shipment?

3

- 20 C. This was the--he told us this--I think it was the
- 21 thousand--he was referring to the 1000 TOWs. Because he told us
- 22 this when we made the arrangements for the final 500 shipment at
- 23 the end of October. Even aside he said, you know--he had a good
- 24 sense of humor--and he said, "you know, the military had
- 25 approached us some time ago when they heard we had gotten some
- 26 TOWs, and they wanted some." He says, "well, when this whole

- 1 deal goes through we are planning on selling them some." At
- 2 exorbitant prices, I might add.
- 3 [END OF SIDE 4]

| 3  | W. Mr. Cave, do you recall at any point the question of         |
|----|---|
| 4  | the TOWs actually going to the Revolutionary Guard, rather than |
| 5  | to say the Army becoming an issue?                              |
| 6  | C. I don't recall it ever becoming an issue, no. It was         |
| 7  | an interesting note, as far as we were concerned. The Rev Guard |
| 8  | were handling this.   |
| 9  | W. Did you ever see the finding that the sinis ter(?) was       |
| 10 | based on?   |
| 11 | C. Not until after the fact. I was told about the findin        |
| 12 | when I was brought in . But there was a finding. I don't know   |
| 13 | whether it was Someone who had seen it had taken                |
| 14 | notes and said here's what it says.                             |
| 15 | W. The finding I'm gonna just go through a portion of           |
| 16 | it here contemplated the United States facilitating efforts b   |
| 17 | third parties and third countries to establish contact with     |

17 third parties and third countries to establish contact with

moderate elements within and outside of the Government of Iran.

- 19 Let me stop right there because we are going to go a little
- 20 further with this. Did you consider that the people you were
- 21 working with, that is, and this group.
- 22 Were they which you would consider moderates within Iran?
- 23 C. I would not use the term "moderate." I would call them
- 24 pragmatic, and use the Iranian term "mianirow" -- middle roaders.
- 25 W. Then these personalities were you would consider to be
- 26 consistent with the general intent of the finding, the moderate
- 27 element aspect of the finding?

67

- 1 C. Well I think moderate is an unfortunate word, but the
- 2 people that we had to deal with, and we're willing to deal with,
- 3 yes, that's who we were dealing with.
- 4 W. The notion of the finding was that the moderate
- 5 elements, however advisable the term was, would be provided with
- 6 arms and equipment and related material in order to enhance their
- 7 credibility and that the arms would assist the moderates in their
- 8 effort to achieve a more pro U.S. government in Iran by
- 9 demonstrating their ability to obtain requisite resources to
- 10 defend their country against Iraq and intervention by the Soviet
- 11 Union. Knowing what you know about the dealings with
- 12 and and the others, was this group we were dealing with
- 13 consistent with the intent of the Finding?
- 14 C. Pretty much so. I think if I'd have been involved at
- 15 the original writing of the Finding I would have liked to word it
- 16 otherwise. But I don't think that is inconsistent with what we
- 17 were trying to do and with the people that we were dealing with.
- 18 W. And this is, you would say this notwithstanding that
- 19 the effect would be also to strengthen the Revolutionary Guard,
- 20 vis-a-vis, the Army, is that correct?
- 21 C. Well, the question was, is that you have to pick an
- 22 element to deal with in Iran. That is part of the strategic
- 23 relationship. And what we were dealing with is that -- was the one
- 24 that was the only one willing to deal with us. This was
- 25 Raffamiani's faction; and what made him politically powerful is
- 26 his control of the Majlis, and the large scale influence he has

- 1 among the Rev Guards.
- W. North's notes reflect that at some point, it's an
- 3 isolated entry, but it--in early November he has a note that
- 4 has the ambition to build an airwing for the
- 5 Revolutionary Guard. Were you aware that he was considering
- 6 something that ambitious?
- 7 C. The, I think that he is not talking specifically about
- 8 doing it,
- 9 the Rev Guard has been actively engaged in building an airway,
- 10 and has actually bought aircraft, and have done considerable
- 11 pilot training.
- 12 W. The, just for the record, the note does say wants
- 13 to build an airwing, but I think that that's a minor point.
- 14 C. I think he's speaking in terms of the Rev Guard when he
- 15 speaks about Because, I remember, you know, I remember
- 16 some discussions about this.
- 17 W. Did these, the discussions that you recall, were these
- 18 in Germany?
- 19 C. I think that, yeah, the two meetings that he obtained
- 20 were the initial one in Frankfurt at the beginning of October,
- 21 and then the November one which we had in Geneva. The 8 through
- 22 10 November meetings.
- 23 W. Let me back up just briefly onto the Revolutionary
- 24 Guard point we were discussing earlier. Just to make the record
- 25 clear on this. To your knowledge was there any point where
- 26 senior officials sat down and thought through the -- whether giving

- 1 arms to the representatives of the Revolutionary Guard was
- 2 consistent with the Finding? Do you recall a discussion like
- 3 that at all?
- 4 C. I don't recall a discussion like that, no.
- 5 W. In the -- in your notes of the meetings in Washington,
- 6 the first meeting in Washington with you note that he
- told you that had "played a role" in the kidnapping of
- 8 Frank Reed. Do you recall that?
- 9 C. Yes. He told me that they thought, and they were
- 10 investigating it. But, in subsequent meetings, he told--they
- 11 never turned up anything. He said he thought--the reason why he
- 12 said this is that they thought maybe the radical faction was
- 13 trying to create more problems for the moderates. He says, you
- 14 know, there is no--in Tehran it's well known that Rafsanjani was
- 15 against the taking of hostages. And, since was involved
- 16 in this, and is also a member of the radical faction, he may have
- 17 played a role in the taking of Reed.
- 18 W. Did--in your subsequent negotiations, did you--when I
- 19 Say you, the Americans collectively, press the Iranians on the
- 20 status of our investigation of this?
- 21 C. The only thing I can recall is, oh, uh--I think it was
- 22 during the Meinz meeting that he said that they hadn't come up
- 23 with anything.
- 24 W. Were they undecided, or were they--or they had
- 25 demonstrated that he was not involved?
- 26 C. Well, I don't know--we don't know. They just told us

70

UNCI ASSIEIED

100

that nothing has come of the investigation-2 3 But, they--we could never get any followup out of them on it. And that might by typical Iranian that, well, we're not going to tell the Americans that. It might -- they just said, well, we haven't gotten anything. had been involved in Reed's kidnapping, A But .in that would have been a breach of all understanding with him, is 10 that not correct? Yeah. I was kinda doubtful of that, because, you know, c. 11 I had called 12 immediately after Reed was kidnapped. And and he's no actor, sounded really astonished. 13 14 The -- let me point this out. In your note of the 15 meeting you don't contain--you don't inject any editorial comment on whether you believe what the relative is saying or not. Did 16 17 you have an opinion at that point? 18 Well, I think it's the way he said it. He said that 19 there is, you know, like there is some indication that 20 may have been involved in the Reed kidnapping because they 21 suspect that the radical faction is doing it. And since is involved with us, he may have played a role. But I thought, 22 maybe I should -- I thought it was pretty speculative on his part. 23 24 I mean, he was saying, here's an event that happens in Beirut, 25 and we think this may have happened. Now, I think that they,

# UNCLASSIFIED

they told us subsequently that they thought another group was--

26

- 1 and I had a big go around with on this--and he told us
- 2 at the beginning of October that they hadn't been able to
- 3 determine who it was that took Reed and Ciccipio.
- 4 W. Later, I think in early Cotober, Supile property of
- 5 memorandum for Poindexter where he attributed the Circipio
- 6 kidnapping to Do you know what he might have been
- 7 basing that on?
- 8 C. I don't recall at the time--I think that we were--by
- 9 this time, you know, we were very concerned, there was a lot of
- 10 speculation going since we were changing channels and everything,
- 11 what might happen. And incidentally, there were several phone
- 12 calls by and many and me where he was trying to find out what was
- 13 going on. He kept asking me about Brussels. Are we going to
- 14 follow that up? And, I, oh, just sloughed him off. But, I
- 15 didn't--I never saw that memo. I never--Col. North didn't send
- of us copies of his memos. We sent him copies lacksquare ours, but he
- 17 never sent us copies of his.
- 18 W. But you are not aware of what he might be basing that
- 19 statement on?
- 20 C. I can't, I can't recall at the moment what he's basing
- 21 that statement on. Other than what I'm talking--you know, we
- 22 were concerned about the change of channels. Whether that would
- 23 effect--whether that had any effect on the taking of the two
- 24 hostages or not.
- 25 W. Let me, let me turn again to another subject. This is
- 26 also during the Washington meeting with the second channel,

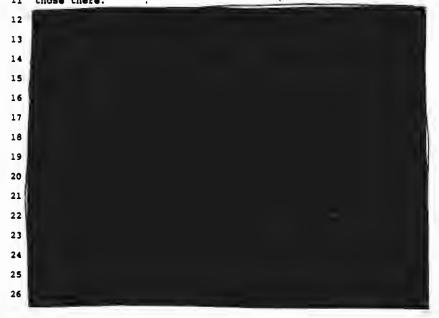
72

UNC! ASSIFIED

In that meeting, according to notes that General Second took, and advised all of you that William Buckley was not

- 3 killed, that he died of natural causes, that he had three heart
- 4 attacks. There is no indication in the notes that anybody
- 5 challenged him on his assertion that Mr. Buckley died of natural
- 6 causes.
- 7 in fact he died of complications from beatings.
  - C. From beatings, yes.
    - W. Do you recall the relative making that assertion?
- 10 C. Yeah, I rem--uh--I--uh--we asked him about ill-
- 11 treatment and everything, and he said he had no information on
- 12 that. But that he had not died of torture as reported by the
- 13 press, but had died of natural causes. We subsequently learned
- 14 of course, that he did die of natural causes, but the natural
- 15 causes were brought about by his ill-treatment. And the fact
- 16 that they didn't get him any medical attention that was worth
- 17 anything. Uh, the great concern about--cause he told us that
- 18 /they had 400 pages of interrogation that he had been put through
- 19 while he was being held captive. And also he made the commitment
- 20 to held--to try and locate the body.
- 21 W. On the subject of how Mr. Buckley died, were you, and I
- 22 say you collectively, was the American group credulous of this
- 23 information? Did they give it some credence, or did they feel
- 24 that the relative was giving them--was basically jerking their
- 25 chain on how Buckley had died?
- 26 C. We were doubtful--well, we immediately rejoined you

- 1 know. Well, we understand he's been subject to serious, you
- 2 know, torture, and the relative's response to that was that he
- 3 had no information on that.
- 4 W. Now, Secord's notes don't show any rejoinder. But you
- 5 recall a rejoinder?
- 6 C. Yeah, there was. And that, oh, uh, we were very much
- 7 concerned -- then he told us about the nates, shout getting hold of
- 8 the notes. And they promised us that they would get them--give
- 9 us the notes, and also, as part of the deal, we definitely wanted
- 10 his body returned. But there was some incredulity expressed by
- 11 those there.



74

IINCI ASSIFIFD



17 Revolutionary Guards?

- 18 C. That's correct.
- 19 W. Let me ask you this. Did you, did you pose to the, to
- 20 or to any Iranian in the second channel, the story that
- 21 Buckley was lifted from Lebanon and brought to Iran, and tortured
- 22 in Iran?
- 23 C. I think that was done by Col. North. And, as I recall,
- 24 denied it. And I think this was at one of the late
- 25 evening sessions in Washington.
- 26 W. There was sort of a parallel story that went along with

- 1 that -- a story that might be placed in lieu of that story. And
- 2 that is that rather than having been taken to Iran and tortured
- 3 that he was tortured but under the quidance and direction of
- 4 Revolutionary Guard officers is Debanon. Do you recall that
- 5 question being posed to grant or anyone else in the Second
- 6 Channel?



Pages 77 and 78

DENIED IN

TOTAL

|    | IINGLASAITIEU  |  |  |
|----|--|--|--|
| 1  | The same of the sa |  |  |
| 2  |  |  |  |
| 3  | the second second second second  |  |  |
| 4  | W. Did you py on the Miles Breen tour?   |  |  |
| 5  | C. No.   |  |  |
| 6  | W. Do you know who did?  |  |  |
| 7  | C. I think it was just, oh, Col. North and was   |  |  |
| 8  | Hakim there?   |  |  |
| 9  | W. Well, somebody would have had to be a translator. I   |  |  |
| 10 | think Hakim was.   |  |  |
| 11 | C. I guess takin went along as a translator. No, I wasI  |  |  |
| 12 | stayed in the office to write something up. I forget what it   |  |  |
| 13 | was.   |  |  |
| 14 | W. O.K. Let me stop right here and turn the questioning  |  |  |
| 15 | over to Jack Taylor.   |  |  |
| 16 |  |  |  |
| 17 | EXAMINATION BY JACK TAYLOR   |  |  |
| 18 | T. O.K. I'm going todo you want to take a break?   |  |  |
| 19 | W. This is to you transcriber, whoever you may be. I'm   |  |  |
| 20 | instructing Jack Taylor in the use of this higher form of  |  |  |
| 21 | technology. Jack is going to be asking a few question of the   |  |  |
| 22 | witness, and it should be noted at some point that he has taken  |  |  |
| 23 | over questioning. I think he'll identify himself for the record.   |  |  |
| 24 | T. My name is Jack Taylor, investigator with the House   |  |  |
| 25 | Select Committee, continuing the quartiching.  |  |  |
|    |  |  |  |

Pages 80 to 86

DENIED IN

TO TAL



- T. Uh-huh.
- 7 C. And, uh, because that's a hell of a--we knew what the
- 8 damn things were costing. That was a hell of a mark-up. I think
- 9 the total cost for the two high-powers, and all of the spare
- 10 parts and the 508 TOWs only came to about \$10 or \$11 million.
- T. Right. As we, I think there was about \$12--
- 12 C. Well, that was for everything.
- 13 T. Everything. Including the shipping, the freight.
- 14 C. We never did ship the two radars. But the price for
- 15 the radars and the TOWs and the spare parts -- I think the total
- 16 of that came to just under \$10 million.
- 17 T. So, at this point, you've had a meeting on the fourth
- 18 of April with dissillation. And you had another meeting in May in
- 19 London with Charlestfor. And you had enother meeting in May in
- 20 London when he was discussing these particular parts.
- 21 C. He already knew the price because I think it was
- 22 transmitted to him wie North and Mir.
- 23 T. Do you know when that happened?
- 24 C. No, I don't.
- 25 T. Did you participate in any pricing discussion in April
- 26 in Washington, D.C.?

87

Well the only thing that I participated in was what we got from our logistics -- is the price of it -- and we passed that on to Col. North. T. And that's the DoD price that you received from a logistics that was provided by the Department of Defense. Okay. You didn't hear North -- or were you privy to the conversation --when North discussed with Ghorbanifar the prices at all that were different from the ones at DoD. No, they were very careful about that. I don't know c. 10 whether they were purposely keeping me compartmented. I don't ever recall any -- the only thing that I recall about pricing 11 with Nir and North are two things. One was about the 1000 TOWs. 13 When we met in Paris, Nir complained that North had sold them too cheaply. 14 15 T. Okay. And what was the other? 16 And the other was in Tehran when I raised the question 17 about the cost that Ghorbanifar had asked me to back him up on --1 A the twenty-four and one-half million for the HAWK spares, and 19 then I called this to North's attention and we got hold of Nir -we were out in the \_\_\_ 20 . And Nir, the only time he ever 21 said anything like it in my presence, he said, well some of it is based on your mark-up. Now what he meant by that, I don't know. 22 We know that the expenses for all this stuff were being paid out 23

of mine, also generated by the sales.

24

25 26

Peges 89 to 90

DENIED IN

TOTAL



T. All right. Let me just the a break here. I'm going to take a look at my notes. There is one question along that line, for the sake of my report again, and the accuracy of it.

- 1 Did you indicate that early on in the operation you had suggested
- 2 to CIA officials that, that--you mentioned already that you
- 3 should have as few service officers--is that the phrase you use?
- C. Serving officers.
- T. Serving officers, as possible to be witting or involved
- 6 in this operation. Did you also have an understanding with
- 7 anyone at any time that you should not be present when pricing
- 8 was discussed?
- 9 C. No. I had no such understanding. My, my whole point
- 10 on the serving officers was that this was a--there were two
- 11 aspects to it. And to keep the knowledgeability very limited,
- 12 one, was the sensitivity of the operation, and the fact that it
- 13 was very high risk. And the kind of thing that when it blows up
- 14 it could destroy careers. And I didn't want any serving officer
- 15 putting his career at risk, when I could do it without any. I
- 16 don't have a career to risk.
- 17 T. O.K. Now I along that--taking that a step further
- 18 then, you were allowed access to all conversations involving
- 19 pricing, but there may have been conversations where you just
- 20 weren't, you weren't aware of them, huh?
- 21 C. Oh, I was not involved -- I mean, we--the way--it
- 22 appears, what I understand about the pricing. We would get the
- 23 DOD pricing by our office of logistics, and give that to North.
- 24 And then North would deal with Nir and Ghorbanifar on the prices.
- 25 And, in my--in hindsight, they were very careful not to talk
- 26 about the costs in my presence. There weren't any other CIA

- 1 officers present. Once they got the price that they had to pay
- 2 us, then we were out of it.
- T. So your first sense of alarm then was in May, when you the absolute price together with

5 those.

- 6 C. Yeah. This was an awful, awfully large mark-up.
- 7 T. And, again for the record to clarify my report, what
- 8 was your response to North when you read that?
- 9 C. We brought that to North's attention, and I don't--he
- 10 really didn't have much to say at that time, except to agree with
- 11 us that this was a, quite an egregious mark-up because at the
- 12 meetings in April with Ghorbanifar, he told us that he was going
- 13 to mark up the cost 60%. He would add his expenses onto the
- 14 cost, and then mark it up 60%. That seemed to be a lot more than
- 15 60%. He told us, he told us in London that his expenses that he
- 16 had incurred, with regard to this shipment, were about \$350,000.
- 17 So I never, I never got much of a reaction out of North when we
- 18 brought this up.

  19 got more of a reaction out of him in Tehran.
- 20 T. O.K. Stepping back to the April 4 meeting in
- 21 Washington, D.C., you did write a report, I think, following that
- 22 meeting in which you synopsized the conversations that were held.
- 23 over that, I guess a day and a half or two day period where you
- 24 met with Ghorbanifar.
- 25 C. Yeah, we met with him on April 3, and then I saw him
- 26 briefly the morning of the 4th before he took off to see his



- 1 girlfriend in California.
- 2 T. O.K. And in one part of your report you mentioned that
- 3 Ghorba began discussing his cut at the Washington, D.C. meeting.
- 4 I assume again his cut would be a percentage of--
  - C. Yeah. He would--
- 6 T. --of the payoff.
- 7 C. He said that he would add him add him argeness to the
- 8 price and then and 60%.
- 9 T. O.K. That was the same figure you just discussed with
- 10 me now.
- 11 C. Yes.
- T. Gotcha. And I take it again as I asked earlier, you
- 13 did not discuss pricing for the 240 and the radars other than
- 14 what DOD had given you at that meeting.
- 15 C. Yes. It's all we'd do. We would give that material
- 16 to, oh, uh, Col. North.
- 17 T. O.K. Stepping to another subject, there was a lot of
- 18 confusion over the necessity of a preadvanced trip to Tehran, or
- 19 Kish Island, or wherever, and this confusion carried all the way
- 20 through, I quess, not necessarily confusion, but perhaps
- 21 controversy over whether or not a trip should be held, continued
- 22 all the way from early March up through early May, I guess, as to
- 23 when--
- 24 C. By the end of April.
- 25 T. End of April?
- 26 C. A decision was made that we wouldn't go.

94

UNCLASSITION

- T. And there was some, there was a plan to, I think at one
- 2 time, meet with in Prankfurt, before you actually
- 3 traveled to Tehran.
- 4 C. Well, what the meeting with was decided as
- 5 superfluous. One of the problems is is we can't, we couldn't
- 6 believe that this guy could speak with any authority, given his
- 7 level of intelligence. There was a lot of discussion about North
- 8 and myself and Ghorbanifar. Ghorbanifar said he would hire a
- 9 private jet and we'd all fly in and we could talk for, you know,
- 10 one day, and fly back out. That was, that was scotched, I think
- 11 by the, to the best of my knowledge, by the White House as being
- 12 too dangerous.
- 13 T. O.K. Did you ever get to the point to where the
- 14 Administration had agreed at one point, where they were going to
- 15 send you, and you said you and North, at one point were
- 16 considered?
- 17 C. Yeah. That was, that was, it was really a proposal
- 18 that just never got approved.
- 19 T. General Secord testified that at one point he was to go
- 20 in and do the same, conduct the same affair, as a pre-advance
- 21 meeting to determine an agenda prior to McFarlane's trip.
- 22 C. That was very early on, I think, before I got involved.
- 23 And then, because when we were talking in early April, it was
- 24 going to be just myself and North, and Ghorbanifar flying in.
- 25 T. O.K.
- 26 C. And that was scratched.

- 1 W. This is Tim Woodcock again. Mr. Cave, what was it that
- 2 was, that the Administration perceived was too dangerous about
- 3 the advance trip.
- 4 C. Well, I think that we really didn't know that much
- 5 about who we were dealing with. I mean the only--as far as we
- 6 know the only guy on the other end you know, was And,
- 7 there was a lot of uncertainty, there was considerable mistrust
- 8 of Ghorbanifar, and it was decided that we just didn't want to
- 9 take the chance.
- 10 W. The plans for the meeting in Iran originally, of
- 11 course, centered on Kish Island, but the plans for the meeting in
- 12 Iran began to develop either during or on the heels of the
- 13 Frankfurt meeting in February. Were you aware of that?
- 14 C. Yes, I was aware of that. We--this was just general
- 15 discussion. It was at the meeting in March in Paris that
- 16 Ghorbanifar told us that the Iranians had agreed in principle to
- 17 a high-level U.S. delegation coming to Tehran.
- 18 W. There is, there are a series of PROF notes and
- 19 memoranda that, that go all the way through March and April that
- 20 place the meeting, the one that McFarlane was going to
- 21 participate in, as being imminent within a week or ten days, and
- 22 it keeps receding on the horizon.
- 23 C. Yeah.
- 24 W. How do you square the imminence suggested in those
- 25 memoranda with your statement about the advance meeting being too
- 26 dangerous?

96

- 1 C. Well, I don't, I don't, I was not aware of the
- 2 discussion which led to the cancellation of the advance meeting.
- 3 Because that was done over at the NSC or the White House. I
- 4 wasn't privy to that. Cause all I got from North is that they
- 5 decided not to do it, and that we'd go ahead with the regular
- 6 meeting based on the guarantees that I was getting over the phone
- 7 from Ghorbanifar, one channel, and also from North via Nir.
- 8 mean from Ghorbanifar and Nir via North on the other side. And
- 9 the decision was made to scratch the preliminary mission and to
- 10 just go with the regular trip to Tehran with McFarlane meeting
- 11 the party.
- 12 W. Correct me if you have contrary information, but I was
- 13 always under the impression that the McFarlane meeting that's
- 14 proposed in the PROF notes beginning as early as late February
- 15 and in PROF notes and memoranda, through March and April, is
- 16 delayed primarily because the financing for the transaction is
- 17 not yet put together.
- 18 C. Oh, that, that's true. No. I'm sorry if there is some
- 19 confusion. I was confusing the, uh, the preliminary meeting that
- 20 didn't come off with--yeah, we kept telling them that we can't,
- 21 we can't come, we can't do this deal until after the financing
- 22 for the parts, because, you know, one of the proposals was that
- 23 they release the hostages and we bring in the parts. And then,
- 24 well that no--you gotta come in first with the parts, then we'll
- 25 release the hostages, and then we got down to O.K., well we'll
- 26 come in with a group and a small percentage of the parts, and

- 1 then you guys release the hostages, and then we'll bring the rest
- 2 of the parts in. No, no, you are correct in that, and the delay
- 3 is that we did not -- we couldn't buy the spare parts because we
- 4 did not get the money into our account until the 16th of May, I
- 5 think it was. And then we had to take the time, you know, to
- 6 ship the material to--pre-position the material in Israel.
- 7 W. O.K. I'm not going to dwell on this, but where you are
- 8 losing me on this is that from the notes and memoranda, it seems
- 9 as though money--the lack of money is holding up the McFarlane
- 10 trip, and that with money the McFarlane trip could have happened
- 11 as early as sometime in April. If your advance trip was too
- 12 dangerous to be held, what was it that would have made the
- 13 McFarlane trip safer?
- 14 C. That's a good question. I think that the problem was,
- 15 is that -- I, I honestly can't answer you. Because all I know is
- 16 the preliminary trip was cancelled, but the McFarlane trip was
- 17 approved on the basis that we thought we had reasonable enough
- 18 assurances by and Ghorbanifar. Now the money, of course
- 19 the hold-up on the money was, we needed the money before we could
- 20 buy the spares, and we had to have the spares pre-positioned in
- 21 Israel before we could go in. I can't really clear up--I
- 22 honestly don't know why the decision was made to scratch the
- 23 preliminary mission. I thought--in hindsight, it would have been
- 24 better had we gone.
- 25 W. Let me just ask one more question on this. Or two more
- 26 questions. The decision to scratch the advance meeting was made

98

- 1 to your recollection, when, and by whom?
- C. I know that by the end of April it had gone--cause--you
- 3 know, if you'll see, there is -- we'd even had a date for going,
- 4 Ollie and I, somewhere around the 17th of April, something like
- 5 that. We were going to go in. And we within about 48 hours of
- 6 going when it was acratched. So it was sometime, I'd say around
- 7 the third week of April.
- 8 W. Now let me put some information in front of you. Or
- 9 before I get to that, who was it who scratched it?
- 10 C. I don't know.
- W. It was not North himself, I gather?
- 12 C. No. Cause North wanted to go. I thought it had to be
- 13 someone in the White--you know, Admiral Poindexter, or someone in
- 14 the White House.
- 15 W. In late April, I think you are probably aware now from
- 16 the Tower Report if you weren't aware at the time, Ghorbanifar
- 17 and Nir and Khashoggi, who were is search of financing,
- 18 approached Piny Bowlands in England--
- 19 C. We were aware of that at the time.
- 20 W. --as a result of that approach they, Rowlands, went to
- 21 the British Embassy and said I--
- 22 C. The American Embassy.
- W. --excuse me, to the American Embassy, and said, is this
- 24 an American operation? If so, he was interested in it.
- 25 Otherwise, he was not interested in it. That information,
- 26 according to the Tower Report and PROF notes that we have, was

99

- 1 transmitted to George Shultz by Ambassador Price. Shultz was at
- 2 a summit meeting in Japan with Poindexter and the entire
- 3 Presidential entourage. Shifts ochillented Poindexter, who denied
- 4 to his face that the U.S. was affiliated with that initiative.
- 5% Now my question to you is, do you know whether, since Poindexter
- 6 had denied that this initiative was an American initiative to the
- 7: face of Secretary Shultz, your advance meeting was killed in
- 8 order to limit any possibility that Americans might go to Tehran
- 9 and Poindexter might be proved wrong?
- 10 C. No, I can't answer that. I don't know. I honestly
  11 don't know.
- 12 T. Jack Taylor back. I sounded like a sportscaster,



- 21 T. How close at that stage were you to going to Tehran?
- 22 C. Well, we hadn't even had the meeting. This was the
- 23 third of may, right?

24 T. This would have been. light.
25
26

100

| 1   |  |
|-----|--|
| 2   | C. There was a disconnect betweenthe only way I can              |
| 3   | explain that is a disconnect between Ollie and Nir and           |
| 4   | Ghorbanifar. Because, as I told you by that time, the idea of us |
| 5   | going on a preliminary meeting was                               |
| 6   | T. Entirely scotched.  |
| 7   | Centirely scotched.  |
| 8   | T. All right. Then I take it another trip to Frankfurt           |
| 9   | was replaced by a trip to London in early May to where you       |
| 10  | actually met with Ghorbanifar, but not with                      |
| 11  | C. That's correct. We met with Ghorbanifar and Nir.              |
| 12  | T. O.K. And that would have sort of been a pre-advance,          |
| 13  | guess, or the closest thing you can get to a pre-advance.        |
| 14  | C. That was when we finalized the deal, and he was rushing       |
| 15  | around trying to get money. They were trying to get money        |
| 1 4 | tunnationed take Well- servert                                   |

O.K. I'm going to stop here.

8 [END OF SIDE SIX]

101

#### 1 TAPE SEVEN -- TCW/s1

T:

3 has asked me to uh, uh, provide three questions to Mr. Cave,
4 which I'll try and do my best at. The first question [laughter].

The House Permanent Select Committee on Intelligence

- 5 The first question deals with the DDI Analysis of the Iran
- 6 factionalism that was analyzed by those people during the time of
- 7 the initiative. And I think the first indication that they would
- 8 be dealing with is Mr. Fuller's Memorandum. Which was, what,
- about June 19857
- 10 ?: Yes, it might even have been May of 1985.
- 11 T: May 1985. And then later on about 6 or 8 months, I
- 12 believe another, um, memorandum was prepared by uh, DDI again.
- 13 It was approved, which took a different swing or a different
- 14 stance altogether on the factionalism in Iran.
- 15 C: I knew about \_\_\_\_\_ but I don't think I knew about
- 16 the second one.
- 17 T: Okay, you've discussed this somewhat today already,
- 18 about the moderate versus the radicals and the line 1,2,3 and
- 19 your own perception of that. Did you agree with the analysis as
- 20 provided by DDI as to these factions?
- 21 C: This is the analysis that was prepared in the fall of
- 22 1985?
- 23 T: Yes.
- 24 C: Uh. . . I never saw -- believe it or not, I never saw
- 25 that analysis. I don't think I knew.

102

- T: Did you, there was a later, one later, prepared though,
- 2 I believe, again discussing line 1,2,3 and uh. . .
- 3 C: I would have a hard time now, you know, this far down
- the road. I didn't pay much attention to a lot of the analysis
- 5 of Iranian internal politics that was going on by the DDI back in
- 6 those days.
- 7 T: Okay.
- 8 C: So, I can't honestly give you an opinion of what I
- 9 thought then, I don't even think I read the damn thing.
- 10 T: Okay, let me try this. This is very specific, I think
- 11 I do recall something that might be of help here. It was
- 12 mentioned to me that Mr. Gates had indicated that intelligence
- 13 that was being brought out regarding the factions was fairly
- 14 accurate and good intelligence and was conveyed to MSC and other
- 15 recipients or users of that intelligence. Uh, that was explained
- 16 to me. Would you agree with that, at this point?
- 17 C: Well, good is a relative term. You know, it could have
- 18 been a lot better. We were getting some pretty good information
- 19 yez.
- 20 T: Okay. So, you would agree at that time. At that time,
- 21 you would have agreed that it was fairly good intelligence?
- 22 C: Yeah, we knew that, we knew that there were fairly well
- 23 definable factions within the senior level of the government.
- 24 T: Okay, if I haven't asked those questions correctly,
- 25 I'll hear about it later but that "s about the only thing I have
- 26 along that line unless you have some yourself. Okay, the second

103

- 1 line of questioning deals with the uh, relationship between
- 2 North, McFarlane, and Poindexter. I guess the best way to
- 3 describe this would be a chain of command relationship. I'd like
- 4 to hear your point of view regarding how North used the chain of
- 5 command to your knowledge. Did he abide by it or did he
- 6 completely ignore it in some instances, and let me give you an
- 7 example. The has described North as sidestepping his
- 8 direct supervisor, Mr. Poindexter, on occasion when perhaps
- 9 things did not agree with North as far as directions coming from
- 10 his supervisor he often went to DCI Casey with what he thought
- 11 should be the game plan. Uh, do you have any background or
- 12 information on this?
- 13 C: Yes. First, let me say this, North was religious in
- 14 reporting everything back to Casey, uh not Casey but Poindexter,
- 15 excuse me. You have all the PROF notes. He was religious about
- 16 it. In fact, it use to irk me because I'd get hungry about 9
- 17 o'clock at night and he's sitting there with that damn KL-43
- 18 poking out messages to send back to Poindexter. He religiously
- 19 reported everything that he did. Now, on -- there are certain
- 20 junctures during this initiative where Poindexter would disagree
- 21 or have doubts about whether they would go ahead. And, on at
- 22 least two occasions North called me and asked me to meet with
- 23 Director Casey and ask him to weigh-in with Admirel Poindexter or
- 24 on one occasion, I think it was with Don Regan -- to get the
- 25 thing moving again. Because Poindexter had doubts about the
- 26 wisdom of proceeding with a couple of times, particularly I think

104

## C.....SSIFIED

- 1 it was one of the times when Jenco was released, we'd go in and 2 send in the rest of the HAWK spares.
- 3 T: Okay, another example of that and you may have answered
- 4 my second question already. again, indicated uh, that
- 5 after the February TOW shipments um, Poindexter did indicate that
- 6 he wanted to pull out. I think that's been pointed by several
- 7 people including Um, and he uses this instance as
- 8 an example of when North went to Casey for support to continue
- 9 the initiative rather than pull out. Are you familiar with that
- 10 particular one?
- 11 C: I am not familiar with that particular one. I was
- 12 talking about two things that happened later on.
- 13 T: Okay. That would have been very early in your uh. . .
- 14 C: Because that would have been before. Because, in other
- 15 words for us to continue and make the March meeting, it would
- 16 have had to bee. kayed in the White House by Poindexter.
- 17 T: Alright. Did you have any questions along that line?
- 18 W: This is Tim Woodcock again. Mr. Cave, you said that
- 19 you recalled a couple of incidents where North enlisted your
- 20 assistance to bring the weight of the DCI to bear on Admiral
- 21 Poindexter. Do you recall specifically what those two incidents
- 22 were? What was the issue?
- 23 C: The one was when Father Jendo's resease is um -- should
- 24 we or should we not send in the rest of the HAWK spares that were
- 25 in Israel. I know he specifically called me on that to ask Casey
- 26 to weigh-in, talk to Casey about it, and see if I could get Casey

- 1 to weigh-in uh, with Admiral Poindemter that we should go shead
- 2 with the shipment of the HAME speres. Which I didn't cause I
- 3 thought we shouldn't do it anyway. And there was another
- 4 occasion, I'm trying to, it had to do with, it had to do with
- 5 when things surfaced in the press. And uh, I can't remember
- 6 exactly what the issue was now, but I know it was right about
- 7 that time he called me and asked me to make Cannot to weigh-in with
- 8 Don Regan, but I can't remember the specific issue. I remember
- 9 him calling me though. It had something to do. It was after the
- 10 thing, right after the surfaced, and I think it had something to
- 11 do with the, oh, uh, Mavember meeting. And I can't remember
- 12 exactly what it was -- it slipped my mind. But, I know he called
- 13 me and asked me to call Don Regan. I don't know whether it was
- 14 his attending it or what. It was something to do with whether we
- 15 should go ahead with the meeting at the beginning of November or
- 16 not because I know I went and talked to damay about it. I can't
- 17 remember exactly what, but it had to do with the holding of the
- 18 meeting at the beginning of November.
- 19 W: Thank you.
- 20 T: Those are only questions I believe I have, if you want
- 21 to switch.
- 22 W: Mr. Cave, I'm going to bring you back again to the
- 23 subject of which was a second his visit to the United States
- 24 in July of 1986. You attended, I think, meetings on consecutive
- 25 days with Albert Mekim and the Feu produced memoranda of
- 26 those meetings and I'm going to show you uh, two exhibits, one

106

1 has been marked as 1A and one has been marked as 2A and ask you 2 if those are the memoranda that you produced? C: Yeap. Altogether in my incorrect typing. W: Your typing is your trademark. Your memoranda stand out because -- I think it's the machine at home. Is that correct? 7 C: That's correct. W: First, Mr. Cave, uh, during this period of time, the 8 9 summer of 1986, I believe, that you told me from an earlier 10 interview, that Mr. Hakim had suggested that you have business 11 cards printed out presenting you as an employee of STTGI. That was to explain my presence to the other people out 12 at his office. 13 W: That is, his own employees? 14 Yeah, his own employees. Like, I was introduced to 15 his, the secretary out there as Sam O'Neil who is going to be 16 17 working with him. And, the cards were printed to cover that. 18 W: Now, uh, when you met with I think you Is that correct? 19 told me he recognized you C: That's correct. 20 Do you know whether, or let me put the question 21 22 differently, did you make plain to him that you were working for the United States? 23

UNCLASSIFIED

What did you tell him your capacity was with the United

C:

W:

States?

25

26

Yes, I did.

- 1 C: Uh, I forget the exact words I used. I tried to keep
- 2 it as vegue as possible because he knew what my association was:
- 3 and I just let him go along with the assumption I was still with
- 4 the same people.
- 5 W: So, for all you know, his assumption would have been
- 6 that you were still with the CIA. Is that correct?
- 7 C: That's correct.
- 8 W: Now, uh, in the uh, the second memorandum, that is the
- 9 second in time, exhibit 2A, there is some discussion about Albert
- 10 Hakim pursuing various commercial interest in Iran with
- 11 Do you recall those conversations?
- 12 C: Vaguely.
- 13 W: Let me ask you to look at exhibit 22, and in
- 14 particularly if you would, to direct your attention to the
- 15 paragraph numbered 3.
- 16 C: Okay, now I remember. Yes.
- 17 W: Now, uh, in that paragraph is there is a statement
- 18 attributed to Albert White that he is, basically that he is going
- 19 to proceed to open these commercial avenues to Iran regardless of
- 20 what "we" do. What was he referring to there?
- 21 C: This was uh, he had two different things in mind. One
- 22 was to get some commercial business to cover his activities. And
- 23 what he wanted to do was sell medicinals, wh, because he had
- 24 learned from that the Iranians were buying all of them in
- 25 Belgium, and he was certain he could get it cheaper and get
- 26 better stuff for them. The other thing is he had in the back of

100

- 1 his mind, is that he wanted all of the employees of his previous
- 2 company, the engineers and the technicians were still in Iran,
- 3 and he had hopes of reestablishing that company.
- 4 W: And, when it reads that he's going to do this
- 5 regardless of what "we" do, is that a reference to the United
- 6 States and its initiative towards Iran?
- 7 C: That's a reference to our initiative. That he'll do
- 8 whatever he can to help us with it, but he's going to pursue his
- 9 commercial interests also.
- 10 W: In the first memorandum, the first in time, July 10,
- ll again in paragraph 3 there's a reference to, and I'll quote it
- 12 "Sam and Abe told which is your letter designation for
- that there was an interest on the part of the United
- 14 States Government (USG) in trying to use trade to gradually to
- 15 re-establish relations with Iran. Sam and Abe planned to
- 16 capitalize on the trade part using contacts in the USG with whom
- 17 they will coordinate their actions. Now, let me ask you based on
- 18 that statement, did you have any plans to participate in any
- 19 commercial activity?
- 20 C: That's just what we told him, that was part of the
- 21 thing. No, I have no desire to get involved in commercial
- 22 activities with Iran. Then or now. That was part of the cover
- 23 story for what we were doing. And also it fitted in, because Abe
- 24 was going to get in, not Abe, but you know, Albert Hakim. Uh, I
- 25 went along with this as if I was part of it.
- 26 W: But I thought understood that you were with the

109

- 1 CIA. How does that fit in?
- 2 C: He did, but I also told him that I had retired and
- 3 still had my contacts.
- 4 W: I gather. Do you know whether would have known
- 5 your name
- 6 C: Yes, he would've.
- 7 W: So, you wouldn't have given him a business card with a
- 8 pseudonym on it, is that correct?
- 9 C: I did not. No. I never gave anyone any of those
- 10 business cards, except you.
- W: And I treasure it.
- 12 C: I don't know where the rest of them are. He printed up
- 13 a couple hundred of them and I don't know where they are to this
- 14 day.
- W: Well, after this is over they will be sought after
- 16 collectors items, I'm certain.
- 17 C: I doubt it.
- 18 W: In September of 1986, uh, North proposed a, in a
- 19 memorandum to Poindexter the sequential release of the hostages,
- 20 you did that wis your september 2, 1986 membrandum to Poindexter
- 21 Tafter he passed the memorandum in he, uh, sent a PROF note to
- 22 Robert McFarlane stating that "we still have no response from JMP
- 23 re: proceeding with the sequential release proposal outlined to
- 24 you sometime back. Here any undertaken to have Casey raise the
- 25 same with the JMP temperson, efter weekly meeting. The things one
- 26 must do to get action." Do you recall being enlisted to bring

110

- 1 the sequential release to Casey's attention so that Casey would
- 2 bring it to Poindexter's attention in early September?
- 3 C: I think that North did that directly in a meeting with
- 4 Casey.
- 5 W: Were you aware of that at the time.
- 6 C: Yeah, I was aware of the sequence. By that time we had
  - concluded that the only way to go about it was the sequential
- 8 release.
- 9 W: North's notebooks also show that on September 4, he's
- 10 got an entry it says "go-no go on sequential deliveries" that 's
- 11 under a meeting with Poindexter and then the entry also mentions
- 12 the need to talk to Joshua, which I believe was North's code name
- 13 for President Reagan. Do you recall the sequential delivery
- 14 issue being brought to Poindexter and then that it was to be
- 15 brought to President Reagan?
- 16 C: I think so. I can't. I can't be specific about time,
- 17 but I know this was one of the things that was to go to the
- 18 President for his approval. You know, North would tell me, you
- 19 know that he's discussed several of these things with the
- 20 President and got approval but, you know, I only had it on, his
- 21 word.
- 22 W: Let me shift gears slightly and show you what has been
- 23 marked as exhibit number 480 This is a two-page type-written
- 24 manuscript and it is headlined "Notes on DISSEM concerning Iran's
- 25 views that it cannot win a wer with Iraq. Their need for an
- 26 "honorable peace," and their fear that the upcoming offensive may

111

- 1 not be successful. If you take a minute Mr. Cave and examine
- that I'm going to ask you if you can identify them.
- Yeah. I wrote this. I'm trying to re. . . There's no
- date on this is there?
- W: That's the next question. 5
- We had decided, at some point, I forget exactly when it
- was but we had to start getting some of the information that had
- been generated by this operation into the system. Like, we
- finally got, we got North's agreement on it. 9
- 10 Now, what, what system are we talking about?
- The Dissemination System, in other words, the regular 11 C:
- intelligence dissemination system.
- So, it would become available to the intelligence 13
- community as needed? 14
- LINE That's correct. Uh. . .both 15
- pretty insistent on this as was, oh incidentally Dewey Clarridge
- and Charlie Allen. And, uh, I think I wrote this sometime, it 17
- 18 was either, I honestly can't, sometime right before the meeting
- 19 in Frankfurt or right after the meeting in Frankfurt. I tend to
- think it was immediately after the meeting in Frankfurt, um
- because of some of the things that are mentioned in here. 21
- And the purpose of this was to summarize it and to 22
- place it into the intelligence community?
- That's correct. I did this for the report section, 24 C:
- 25 that was going to be preparing the reports, just to give them
- 26 some guidelines on what to emphasize in a dissemination.

112

- 1 W: Now, uh, this uh, contains some discussion of a, of an
- 2 Iranian, well at least the Iranians consideration of a possible
- 3 offensive against Iraq. Is that right?
- 4 C: Yes.
- 5 W: When did they launch that, do you recall?
- 6 C: This was the last, the last major offensive which
- 7 failed to capture Batzfa in the -- what was it-- oh uh, in
- 8 November, I think it was, I think it was November 1986.
- 9 W: And the...
- 10 C: It was Al Fahg something or another. They had several
- 11 numbers for them. But this was the last major offensive that
- 12 they launched.
- W: The references to artillery here, were to be in support
- 14 of that offensive. Is that right?
- 15 C: That's correct.
- 16 W: Now, there came a point in a the negotiations with the
- 17 Iranians where, uh, the uh, a relative produced a list
- 18 which included on it artillery, among other things
- 19 C: That was in September. That was in Washington in
- 20 September.
- 21 W: And, I believe that there too, he was asking for
- 22 artillery. Is that correct?
- 23 C: That's correct. They had a severe shortage of 105
- howitzer howitzer pieces and 155 Hellister pieces plus
- 25 barrels for both plus 175 millimeter rap ammunition.
- 26 W: Why don't you spell out the acronym for the record?

113

IINCI ASSIFIFD

- 1 C: The 175 millimeter ammunition is based plate or rocket
- 2 assisted projectile.
- 3 W: Mr. Cave, let me uh, let me direct your attention to
- 4 what I've marked as exhibit 7A. This is a page from Lt. Col.
- 5 North's notebook. It's dated Segmenter 8, 1966, and the first
- 6 entry reads uh, 1350, which would be 1:50, I believe, in the
- 7 afternoon. Call from Sam, "Australian call, desperate, rabid for
- 8 parts\* (and then there's a word I can't read) uh, and then
- 9 "date", and then going down another line, "Thing see Casey, now.
- 10 C: The date on this.
- W: The date is September 8.
- 12 C: Call from Sam -- on 8 September? The only thing I can
- 13 think of is there were a number of the parts that were damaged in
- 14 the shipment. And, was insistent on getting
- 15 replacements for them by us taking the recked ones and getting
- 16 them -- that's the only thing I can think of. I do not know what
- 17 he means by the note "Going to see Casey now." I can't recall
- 18 what it was I was seeing him about, I certainly wasn't seeing him
- 19 about that.
- 20 W: There also was an entry here, further down, uh 15:00
- 21 hours or 3 e'cleck to the effection. "Call from Charlie. Casey
- 22 to call Jus; manifestation, dates the control of the control of
- 23 George, four times Saturday, two times today." Do you recall uh
- 24 what that was all about?
- 25 C: We had a problem with, oh uh, by this time we knew that
- 26 the second channel was coming uh, the only thing I can think of

114

- 1 is you know, uh, the um, was trying to find out what was
- 2 going on. He kept asking me uh, about, were we going to follow-
- 3 up on the Brussels thing. I kept saying, well, you know, I kept
- 4 putting him off to anything wrong, etc. etc. And, never, never
- 5 conceding anything to him, you know, the thing on the parts has
- 6 to do with the 67 things that were bad that he was demanding that
- 7 we replaced. Uh, the only thing that I can think of on this is
- 8 that we may have discussed the methodology involved in bringing
- 9 young men to the States at this meeting. And, it was. Of course
- 10 we got the, we had to get to help us cause they
- 11 were coming out, I think it was on the 13th of September, and
- 12 were to be met \_\_\_\_\_ That may be what the meeting with
- 13 Casey is about.
- 14 W: I think that...
- 15 C: To get approval for the whole thing, uh, uh, and to go
- 16 ahead with it.
- 17 W: There was some consideration I think at one point, of
- 18 the CIA providing
- 19 C: Yeah, there was a lot of things that were discussed.
- 20 But what we, what we did was, to get our security people to make
- 21 arrangements out at Dulles Airport to get them in quietly. And,
- 22 oh, on setting up, we had the, we just had the visas issued.
- 23 Yeah, that's what that was from. Now, I recall, we had to
- 24 discuss all the where-with-alls and get Casey to convince
- 25 Poindexter it would all work, as far as I recall.
- 26 W: Now, this, this happens to be, I want to put this in

116

- 1 time for you, one day before, the very day before Poindexter met
- 2 with President Reagan and put the second channel on the agenda
- 3 and uh, and uh, discussed sequential release of hostages. Does
- 4 that add anything to your insight?
- 5 C: I can't remember all the details now. But, I know
- 6 there was a lot of discussion that if we go ahead with the
- 7 channel, we will have to go ahead with the sequential release
- 8 idea. And, I remember there were some discussions with Casey,
- 9 and the basic thing is we've come this far, we might as well go
- 10 ahead with it.
- 11 W: What was Casey's reaction to the sequential release
- 12 notion?
- 13 C: Uh, none of us really liked it, but we came to, we sort
- 14 of concluded that it was not much of an alternative. That's
- 15 about the only way we could approach it.
- 16 W: Mr. Cave, I'm going to show you what's been marked as
- 17 exhibit 8A and ask you take a moment and read it through.
- 18 [PAUSE]
- 19 C: Okay.
- 20 W: You've had a chance to read this through?
- 21 C: Yes.
- 22 W: This is, I'll identify it for the record, a 10
- 23 September 1986 memorandum to Director of Central Intelligence
- 24 from Charles Allen and it recounts a conversation that Mr. Allen
- 25 had the preceding day with Lt. Colonel North, uh, were you aware
- 26 of this conversation at the time?

116

- 1 C: I think so, I must have been.
- W: Let me direct your attention to uh, paragraph 2 and the
- 3 uh, and the third insert
- 4 [END OF TAPE SEVEN]

Where is 77 Tape 8.7

#### TAPE NINE

bit of money.
W: Gho

25

2 Opportunity to review exhibit 8A and I was about to 3 direct your attention to paragraph 2 and the third paragraph down and I'll read it to you. It uh, says "Ghorbanifer will be cut out as the intermediary in future shipments of cargo to Iran if 6 at all possible. To cut Ghorbenifar out, Ollie will have to raise a minimum of four million dollars." Uh, do you recall, in this period of time, speaking to Charles Allen about that statement. I don't recall that. There was a, during this period, 10 C: this is immediately before the meeting with the second channel, 12 there was a lot of talk about Ghorbanifar -- How you get him out and still of the operation and still preserve the secrecy in the operation. And, uh, I don't recall a specific price tag being put on it, but I knew, you know, we all knew that it was going to costs quite a bit of money. You know to bribe him out of there. As it happens, when we had the first meeting, one of the things 17 suggested was that they can continue to throw 18 some arms business his way in an attempt to keep him quiet. 19 This a, this a memorandum... 20 The specific sum of four million, I don't recall that. 21 C: I recall the discussions about, you know, how you get Ghorbanifar 22

UNCLASSIFIED

Ghorbanifar was still crying that he had been

out of it and everyone saying well, it's going to cost quite a

- 1 financially wounded too, as a result of the HAWKs spare deal,
- 2 correct?
- 3 C: That's true.
- 4 W: There really are two immediate questions that suggest
- 5 themselves in light of this entry. One is, why does Ollie, as he
- 6 uses the name, why does Ollie North have to come up with four
- 7 million dollars? And, the second question is "Where is Ollie
- 8 North going to come up with four million dollars?
- 9 C: I would ask the same questions. [laughter] That's a,
- 10 that's a, I wonder if Charlie really meant... I uh... I can't
- 11 remember any. I think that what he means, Ollie's not, but Ollie
- 12 as the head of this thing is going to have to find, somewhere,
- 13 somehow, you know, four million bucks, to pay off this guy. But,
- 14 uh, I mean, there was a lot of talk about how you get rid of him
- 15 but no, to the best of my knowledge, no steps were ever taken.
- 16 W: I ask...
- 17 C: The claim was. Excuse me. Ghorbanifar's claim, it's a
- 18 lot of, in the finances there's a lot of confusion. His claim
- 19 was. Let me first go back. The told me that they paid for
- 20 the first shipment of those spares, four million dollars. That
- 21 first Maule. And then they later, on the 27th of August, he told
- 22 me they had just deposited, and he says it was interesting
- 23 Ghorbanifar demanded cash -- eight million dollars -- cash, in
- 24 his account. And, that they had agreed with him that all their
- 25 accounts were square. Somewhere, I don't know where it came
- 26 from. I think it came from Nir, who subsequently, when I asked



934

a

### UNCLASSIFIED

- l him about it said, "no" that Ghorbanifar also got a 6 million
- 2 dollar payment from them. Which would fit in with that letter
- 3 that he asked for 18 million.
- 4 W: That fits in with his financing with Khashoggi.
- 5 C: Okay, yeah. And a, but he told us that only 1 million
- 6 of the 4 million dollars he got at the end of June, sometime in
- 7 June went for the HAWK spares and only 5 million out of the 8
- 8 million dollar payment. And then he used that to... and this
- 9 fits in with the amount that he paid the creditors, cause he only
- 10 paid them something like 6 million, 1 hundred-thousand dollars.
- 11 W: I asked Charles Allen about this memorandum and uh, he
- 12 added to this observation that on the evening of September 9 when
- 13 he was speaking with North (and that conversation was the basis
- 14 of this memorandum) that he asked North where he was going to get
- 15 the money to pay-off Ghorbanifar and North said to him, "I guess
- 16 I'm going to have to get it out of the reserves." And Allen told
- 17 me that he found that to be a devastating statement but he
- 18 couldn't explain why it was, he didn't put it in his memorandum.
- 19 My question to you would be -- Do you recall Allen sharing that
- 20 observation with you in this time frame?
- 21 C: I don't recall that. He may well have, I would be the
- 22 last one denied because Charlie was pretty good about telling me
- 23 things that were going on. But, I don't, I don't recall a
- 24 specific conversation with him about it, no.
- 25 W: Let me, let me approach the subject a little more
- 26 generally. In approximately late August, by Mr. Allen's

120

- 1 calculations, he had a conversation with Richard Kerr, uh the
- 2 Deputy Director of Intelligence, in which he shared his concern
- 3 that perhaps the Americans were responsible for inflating, at
- 4 least part of the HAWK spare price and that some of the excess
- 5 was being directed to the Nicaraguan opposition. And he based
- 6 that on several factors. One
- 7 another was the involvement of Second and Hakim, a third was the
- 8 attempt by the United States to create a false price list, that
- is a false microfiche to throw the Iranians off the scent of the
- 10 real microfiche price list that they had uncovered. Uh, do you
- 11 recall any point at which uh Mr. Allen shared those same
- 12 misgivings with you before this whole matter became public?
- 13 C: He had, well, Charlie had an awful lot of misgivings
- 14 about what was going on because of the people who were involved
- 15 in it. Um, I don't recall his ever telling me about his
- 16 conversation with Dick Kerr, though.
- 17 W: How about those suspicions that the Americans were
- 18 responsible for inflating the price and that there was a possible
- 19 diversion to the Nicaraquan opposition.
- 20 C: I don't recall any specific comment about, not at that
- 21 time. Later though, yes.
- 22 W: Do you recall whether he said anything...
- 23 C: I remember that I wasn't in the building, you know, a
- 24 lot of this stuff would go on and I would not be in there for
- 25 quite a while. And uh, I would only come in when something came
- 26 up that I had to do. Uh, so as a result, if one of these things

121

- 1 went by and I wasn't there, quite often I would never even see it
- 2 or be aware of it.
- 3 W: Let me direct your attention to something specific and
- 4 see if, if this incident generated any conversation along those
- 5 lines. Uh, I think it was on October 22nd you and Charles Allen
- 6 went and visited with Mr. Roy Furmark. Uh, Furmark had earlier
- 7 visited with uh, the Director.
- 8 C: With Charlie.
- 9 W: and with Charlie, and uh, and had on different days, he
- 10 had visited with the Director, I think on October 7 and again on
- 11 October 16 and with Charlie on October 16 in a separate meeting.
- 12 But in any event, when you went up to that meeting, I think in
- 13 that meeting, Furmark raised the possibility that Ghorbanifar
- 14 might say that there had been an inflation of price and a uh, and
- 15 a diversion. Do you recall any discussion with Charlie in the
- 16 wake of that conversation about Charlie's own independent
- 17 suspicions along those lines?
- 18 C: Charlie and I had been suspicious of what was happening
- 19 on the pricing and the money and everything for sometime. And,
- 20 the first time that I remember Charlie saying anything about the
- 21 possible, possibility of, we it call now, diversion, was after
- 22 his meetings with Furmark. Uh, when we went up to see Furmark,
- 23 the memo that signed by him we both wrote because I was taking
- 24 off uh for the meeting in Mainz. And, Furmark pretty much laid
- 25 out the whole thing in that Ghorbanifar had told him the reason
- 26 for the high price to him, 15 million dollars was, that was

122

- 1 charged to him of 15 million dollars because the rest of the
- 2 profits from it were being diverted to the Contras.
- 3 W: Uh, did, did uh, Charles Allen then, later on outside
- 4 of Furmark's presence, say to you "Gee I suspect the same thing."
- 5 C: Well, once I heard that, there was no, he didn't have
- 6 to. I was certain it was probably true.
- 7 W: Both the price inflation and the redirection to the
- 8 Contras?

18

- 9 C: Yes.
- 10 W: You say that you and Charlie Allen had been suspicious
- 11 for sometime. Let me ask you two questions about that. One,
- 12 what made you suspicious and two, how did you become aware that
- 13 Charlie was suspicious.
- 14 C: Well we talked about, we could not understand why
- 15 Ghorbanifar would raise the price so damn much. I mean uh, what
- 16 threw us off was the 22 April arrest, because Ghorbanifar was
- 17 arrested by the Swiss police

Cyrus Hashemi had ratted on him and

- 19 this why the police oh uh arrested him and this led us to
- 20 conclude he was involved in that sting operation and probably
- 21 lost a lot of money. That's probably why he was asking for 15
- 22 million dollers from Tiny Roland to oh uh finance that deal and
- 23 Khashoggi. So that, well maybe he's trying to get as much as
- 24 possible to get himself back you know, back in the black. Uh,
- 25 but, once we heard, you know, once I heard that from Furmark, I
- 26 was from that day, you know, fully aware, I accepted that. It

123

- 1 just fit in too much, I mean, because if you read that carefully
- 2 how they calculated the pricing and everything, that sounded,
- 3 that sounded more like what they would do.
- 4 W: Let me back you up a little bit. You, initially, you
- 5 were not suspicious of price inflation from the American side
- 6 because of Ghorbanifar's arrest in Switzerland and uh, and uh the
- 7 likely financial trouble that was coming from that.
- 8 C: We thought, I tended to think then, after that, that
- 9 the reason why Ghorbanifar was really inflating the price was to
- 10 recoup the losses that he had sustained in the sting operation.
- 11 W: Okay, now, now after that there came a point, I guess
- 12 before the Furmark meeting but sometime after the Ghorbanifar
- 13 arrest that you begin to suspect maybe it wasn't just
- 14 Ghorbanifar. When did, when did that thought creep into your
- 15 mind?
- 16 C: This part of the problem is that, was uh, and one of
- 17 the reasons why it was so late in coming, the... we knew that a
- 18 lot of the things hed to be that, that, well we knew that Col.
- 19 North had to raise the price to cover the expenses of everyone
- 20 else involved, you know the hiring of flight crews, the extra
- 21 aircraft, all this, the boat, what have you. We didn't know how
- 22 much that was, so it was more logical for us to suspect at that
- 23 point Khashoggi and, and oh uh Ghorbanifar. Now, another thing
- 24 that threw me off is, is on uh, when we brought
- 25 Washington, wh General Secord did it with a, in a private jet
- 26 that he oh uh, leased. Uh, North told me that "hey look, we

124

INCI ACCIEIED

- 1 don't have any money uh, I'm thinking of charging CIA for the
- 2 aircraft. Uh, Claire doesn't remember but he brought that up
- 3 with, in a meeting we had with Claire George." And at the same
- 4 time, this is when he starting telling me he was very much
- 5 worried, particularly about Dick Second because what they were,
- 6 they were practically bankrupt and Secord was in serious
- 7 financial straits. He wasn't worried about Albert Hakim.
- 8 W: This is North who's worried about Secord?
- 9 C: Yes. And he says that Dick is spending his own money
- 10 on these things. So uh, that threw me off, but once I,
- 11 everything, so many pieces fit together and Furmark's explanation
- 12 was pretty crystal clear, was getting uh. Charlie's suspicions
- 13 became extremely strong after he talked to Furmark.
- 14 W: Okay, are you unable to place when it was you became
- 15 suspicious of the Americans?
- 16 C: Well, I was away as you recall, when all these Furmark
- 17 discussions took place, I was in Europe.
- 18 W: Okay, let me stop you right there. Do you date your
- 19 suspicions before the Furmark discussions?
- 20 C: Suspicions of what?
- 21 W: Of parts inflation and diversion.
- 22 C: Uh, I uh, yeah, before, I was, because I saw Charlie's
- 23 memo after I got back. The one he wrote on the 14th of October.
- 24 W: Alright.
- 25 C: And, that, you know I became awful suspicious.
- 26 W: I am uh, really what I'm interested in is just placing

125

- 1 this in time.
- 2 C: Okay, this would be about, I saw the memo on about the
- 3 15th of October.
- 4 W: Okay, but what I'm trying to, what I'm trying to place
- 5 in time is your suspicions. Is it, is it the series of Furmark
- 6 discussions beginning uh, say in earlier October with the
- 7 Director, I think on October 7, uh, is it this that is causing
- 8 you to be suspicious or are you suspicious before Furmark appears
- 9 on the scene?
- 10 C: I don't think I was, cause I was thrown off by you
- 11 know, what North was telling me. Uh, but after I got, all those
- 12 Furmark meetings occurred while I was away. And once I got
- 13 through, I think it was the 15th of October or 16th when I saw
- 14 Charlie's memo and, I was from that point, you know, strongly
- 15 suspicious that something else was going on beside Ghorbanifar
- l6 gouging us.
- W: Let me uh, uh change topics here for a moment.
- 18 C: That's not to say that, you know, there wasn't
- 19 suspicions that some, but you know we, there was nothing you
- 20 could point to. Other things seemed more likely than that, up
- 21 until the earlier fall.
- 22 W: In uh, the Teheran meetings there's a, a shoe that has
- 23 dropped and the second one has failed to drop, uh, and uh, at
- 24 least the way the notes read. And, let me describe this
- 25 phenomenon to you. Uh, the uh, one of the Iranians, and I
- 26 believe it's asked the Americans, "What is your

126

IINCI ASSIFIED

- 1 view of Iraq, its regime?" There's no response noted in there,
- 2 uh, the uh status of the regime in Iraq was uh, was an item of
- 3 great concern to the Iranians. Uh, do you recall that exchange
- 4 and did the Americans have a response in Teheran on the subject
- 5 of Iraq and its regime?
- 6 C: Is there something preceding that, you know, is , who's
- 7 memo was that?
- 8 W: Let me show it you for the record.
- 9 C: I don't think I made any notation of that in my memo.
- 10 W: No, this is not your memo.
- 11 C: I have to take a, I have to take a guick look at it to
- 12 see if anything jogs my memory.
- W: The uh, citation uh, is a on BlO4 of the Tower Report,
- 14 the speaker is the Iranian official, which is and un
- 15 I'll show it to you in a moment but, let me read it for the
- 16 record. "The Iranian official specified Soviet intentions,
- 17 Afghan issues, Lebanese affairs, Middle East peace, Iran-Iraq
- 18 war, Khoristan "What is your view about Iraq, its regime?" and
- 19 then McFarlane gives a general answer.
- 20 [PAUSE TO REVIEW MEMO]
- 21 C: Okay, yeah, I remember that there was, at that time
- 22 this wasn't -- that's about the way it happened. McFarlane
- 23 didn't, and completely changed the subject.
- 24 W: Did it come up again on the course of the Teheran
- 25 discussions?
- 26 C: Yes. What they, what um, what they insisted upon was

UNCI ASSIFIED

- 1 that they were prepared uh, to drop all of the demands on Iraq
- 2 uh except for the one s who were, that one that uh backed the
- 3 government had to go and, Saddem Hussein had to go. They had
- 4 made you know, they had made quite a number of demands. They
- 5 were prepared to drop all those but that they would not negotiate
- 6 a peace treaty with Saddam Hussein.
- 7 W: Did they uh, as they later did in, I think in, uh
- 8 Germany, did they later or did they try to enlist in Teheran the
- 9 support of the United States in removing Hussein?
- 10 C: No.
- 11 W: Not in Teheran?
- 12 C: Also that's the enlisting of U.S. support in removing
- 13 Hussein, is a bit, is a bit overblown.
- 14 W: I'm going to give you a chance to talk about that in
- 15 just a moment. Uh, let me go directly to the uh first meeting in
- 16 Germany, the one in Frankfurt. Uh, the uh, there were a series
- 17 of topics that were discussed in a, in Frankfurt, and this I
- 18 gather would be your second meeting with uh, (uh, let the record
- 19 reflect that was David Pearline sneezing) [LAUGHTER] Uh, the uh,
- 20 this would be your second meeting with
- 21 correct? Uh, on top of the meeting in Teheran.
- 22 C: Uh, that's true, this is the, he did not show up in the
- 23 September meetings but he did in the Frankfurt meetings.
- 24 W: And this is the first time you would have met him in
- 25 connection with the Second Channel?
- 26 C: That's, that's correct.

128

- W: There uh, uh at the Frankfurt meeting uh, there is
- 2 discussion of the uh list of arms that uh, that uh,
- 3 brought up in Washington, which was an extensive list of arms
- howitzer

  4 including uh, uh several hundred Howister barrels and um an
- 5 ambitious wish list to be, to be sure. Uh, those meetings of
- 6 course were tape recorded and uh in the course of that meeting,
- 7 uh North said that basically the limitation on them, the American
- 8 provision of arms was that they uh should not include items that
- 9 would allow or encourage the Army of the Revolutionary Guards to
- 10 seize Baghdad. Do you recall that?
- 11 C: I think that that was probably one of the delaying
- 12 tactics oh uh, North used during these discussions. He didn't
- 13 want to rule out anything at that point in time. But at the same
- 14 time he didn't want to make a commitment to deliver anything,
- 15 since we had no capability of delivering them, what they wanted.
- 16 I, one of the consistent things you'll see, and he made it at
- 17 this meeting is that there could be no regular resumption of arms
- 18 sales to Iran until the Peace was signed and hadn't resumed
- 19 normal relations. In fact, at some point, it was several points
- 20 uh during that meeting when laughter erupted when we were, about
- 21 how we would go about resuming normal relations.
- 22 W: The uh, the tapes show a discussions of normal
- 23 relations as being a goal, but they, they don't invariably tie
- 24 increased weapons shipments to uh, to peace with Iran and Iraq.
- 25 C: The uh, what uh, the position that North took is that
- 26 oh uh, as he referred to it -- a "normal supply system" could

129

- 1 not uh, be inaugurated until we had uh, re-established normal
- 2 relations and until the hostilities had ended.
- 3 W: Well that, that is not born out by the tapes, that
- 4 latter point.
- 5 C: It might have been, you know, the tapes don't cover
- 6 everything. That's one of the problems. North, was pretty,
- 7 pretty consistent on that when relations were un the
- 8 sine quo non -- resuming normal arms shipments. And, also uh
- 9 peace.
- 10 W: North uh, let me strike that, Second in the course of
- 11 these negotiations in Frankfurt suggested that one indirect way
- 12 the United States could assists the uh, Iranians on the Howister
- 13 barrels was uh to direct Iran to a third country and then just
- 14 look the other way, was the way he put it. As Iran purchased the
- 15 Hewister, Howister and the Hellister barrels un North had pointed
- 16 out earlier that the problem with the number of Howister barrels
- 17 that were being ordered was in order for Washington to supply
- 18 them they have to open up a new production line. Do you recall
- 19 that?
- 20 C: I recall that. And I don't know if any action was ever
- 21 taken on Secord's suggestion. I have no, if it was I know
- 22 nothing about it.
- 23 W: That uh, suggestion of Secord's was not tied to
- 24 anything in particular?
- 25 C: I think he was just, these were, you know, in these
- 26 long winded discussions I think these were just things that were

130

- 1 thrown out.
- W: North has uh, testified in his public testimony that,
- 3 that uh, he was consistently lying to the Iranians uh in his
- 4 statements to them. Was that something that you were aware of?
- 5 C: Well I think that what he was doing is, I I wouldn't
- 6 put it as lying, I think that he was trying to, to prevent
- 7 himself from being made, from having to make any categorical
- 8 statements that we will or we won't do this. While we were, you
- 9 know the whole purpose of this is to keep the contact going and
- 10 uh, there were certain things that we could supply them uh, and
- 11 certain things that we couldn't. But he was somewhat rejuctant
- 12 to give a total negative reply on anything -- he didn't want to,
- 13 he didn't want to cut off the, the negotiations. Uh, I, I
- 14 wouldn't say, well, I would say its Middle Eastern negotiation.
- W: Well I'm not, I'm not attributing anything to him,
- 16 other than what he described himself. I mean, his testimony was
- 17 and I quote it to you: "I lied to the Iranians every time I had
- 18 the chance." Do you, do you agree with that?
- 19 C: Let me, let me put it this way, he told them things uh,
- 20 he said "yes" or something you know, on and then as far as I know
- 21 nothing was ever done about it.
- W: In the uh course of the negotiation and I'm going to,
- 23 I'm going now to the subject of Saddam Hussein uh, North stated
- 24 that uh, that the United States was "seeking a peace" between
- 25 Iran and Iraq that would be uh effected in such a way that it
- 26 would uh, as he said: "Becomes evident, becomes very evident to

13

# UNCLASSITILD

- 1 everybody that the guy who was causing the problem is Saddam
- 2 Hussein." Do you, do you recall that?
- 3 C: Uh, there was an enormous amount of discussion of
- 4 Saddam Hussein and Iraq. What, in what, the thrust of it was is
- 5 that the American side agreed with the Iranian side that there
- 6 can be no peace as long as Saddam Hussein's in power. We said
- 7 okay, we accept your contention that you can't make peace as long
- 8 as Saddam Hussein is in power and then the question is what do
- 9 you do about it.
- 10 W: What, what do you do about it?
- 11 C: Well, this is where some of the tapes are a little bit
- 12 misleading. I, to summarize what was agreed to is that we agreed
- 13 to make it clear to now I don't know if this was
- 14 done but, this was one of the things that came out in our
- 15 discussions with 'em, North said, we will make it clear to
- 16 that there can be no peace as long as Saddam Hussein
- 17 is in power. We'll make that clear to them but, that we have
- 18 normal relations, diplomatic relations with the Iraqi's and uh,
- 19 unlike what has appeared in the press, there was no commitment
- 20 made for us to overthrow Saddam Hussein.
- 21 W: That is, the United States by direct military force?
- 22 C: Yeah, that's true. There have been, there have been
- 23 articles in European newspapers that I snuck out of the Hilton
- 24 Hotel and negotiated to overthrow Saddam Hussein with Rafsanjani
- 25 but, that's not true either.
- 26 W: I thought you were here to confirm that.

132

| 1  | [LAUGHTER]  |
|----|---|
| 2  | C: No. No, that's where there's a certain, and the tapes          |
| 3  | are a little bit misleading. What we were agreeing. Okay, we      |
| 4  | agree with your contention that there can be no peace as long as  |
| 5  | Saddam Hussein is in power, that's your sine qua non, or whatever |
| 6  | it is. And, that what we did agree to, the actions steps we       |
| 7  | agreed to, to the best of my recollection, was that we would make |
| 8  | this position clear to  |
| 9  | And, whether, uh my understanding is that Poindexter and North    |
| 10 | did take some action on this. Now, what they did I don't know.    |
| 11 | W: That they did?   |
| 12 | C: Yeah, that they did. Yes.                                      |
| 13 | W: Where does that understanding derive from?                     |
| 14 | C: Uh, I think that I was told by Ollie one time that,            |
| 15 | that oh un Poindexten had talked                                  |
| 16 | with the Ruwaiti Foreign  |
| 17 | Minister.   |
| 18 | [END OF TAPE NINE]  |

#### 1 TAPE TEN

- W: Mr. Cave, we're back on the record now uh, just to put
- 3 the Hussein matter in context uh, the uh, you've made it clear
- 4 that the, that what the United States was undertaking to do was
- 5 not a direct military overthrow of Saddam Hussein. Is that
- 6 correct?
  - C: That's correct.



- 16 W: Now, was that the, was that the route that was being
- 17 discussed here. That uh, the United States would approach
- 18 that had up to this point been supporting
- 19 Hussein and uh suggests to them that they no longer support him
- 20

21

25

- C: I think that, oh uh, uh, that was not specifically what
- 22 was intended. I do not know what whoever discussed this, I'm not
- 23 privy to what was discussed with
- 24 on this issue.
  - W: Excuse me, I was thinking of what was represented to

134

| 1  | Iran first.   |
|----|---|
| 2  | C: Oh, oh, what, what was represented to Iran was that we         |
| 3  | would make it clear to the that in no way would Iran              |
| 4  | ever agree to a peace as long as Saddam Hussein was in power, and |
| 5  | that uh, we were, we were convinced that this was the Iranian     |
| 6  | position and uh, basically, what are you guys going to do about   |
| 7  | it?   |
| 8  | W: Uh, in uh, these transcripts, North at one point uh, uh        |
| 9  | suggests that the United States enter a secret dialogue with uh,  |
| 10 | states currently aiding Iraq. That was the words                  |
| 11 | he used to explain to them that: "The real threat to their        |
| 12 | stability in the whole region, the real threat is the Soviet      |
| 13 | puppet in Baghdad." Do you uh, do you know whether he, he or      |
| 14 | Admiral Poindexter took the step to go to an admiral and say      |
| 15 | look, this is the way we perceive the real threat to peace in     |
| 16 | the, in the region'?  |
| 17 | C: No, I can't, I can't say for sure, I know that. All I          |
| 18 | know is, they were going to, they said that they were going to    |
| 19 | take this up. Now, whether they did, Ollie at one point, as I     |
| 20 | recall told me that they had had some discussions but, we never   |
| 21 | got memos of anything that took place and I don't know if any     |
| 22 | memos exists.   |
| 23 | W: None that I know of. Uh, Mr. Cave uh, there came a             |
| 24 |   |
| 25 |   |

135



26 said to the Iranians, and this is the way the tape reads: "Saddam



- 1 Hussein is a expletive" and uh Hakim asked North if he really
- 2 wanted him to translate that and North who was attributing the
- 3 remark to President Reagan, said: "Go ahead, that's his word,
- 4 not mine." [LAUGHTER] Do you recall that exchange?
  - C: I remember that, yes.

5

6 7 8

10 W: In the uh, again, in the uh Frankfurt negotiations, the

- 11 subject of the Dawaa prisoners came up. And, on that subject uh,
- 12 the uh, uh, fellow whom Hakim called the 'Engine' uh
- 13 asked, basically asked the Americans for guidance, to show him
- 14 the way on a, on uh, improving relations and North then brought
- 15 up the subject of arms and assisting in the uh, in the uh
- 16 situation of the Dawaa prisoners. Much later in the discussion
- 17 North said, uh, that although the United States had told the
- 18 Government of Kuwait that the Dawaa prisoners were their business
- 19 that the U.S. would neither criticize Kuwait

should Kuwait release them, and that the U.S.

- 21 had recently conveyed this position to Kuwait. Do you recall
- 22 that discussion?

20

26

- 23 C: Yes I do. What, what he said was is that, in essence,
- 24 is that we have told the Kuwaiti's that if these people are,
- 25 these Dawaa prisoners are released by Kuwait,

UNCLÄŠSIFIED

1 W: Nor would the U.S. criticize them for having released them? 3 C: That's correct. W: Is that consistent with your recollection of...? C: That is consistent with my recollection. And he also advised the Iranians that he believed that the Kuwaiti's would be receptive to releasing the Dawaa if they could get a guarantee against terrorism. Is that also consistent with your recollection? Uh, not so, well, not entirely. What, what he said is, 10 C: is that certain of the prisoners uh, with lesser terms uh, the Kuwaiti's may be, may be willing to release with suitable guarantees uh, on some religious occasion -- something like that. But, not, not a whole set, not all of them. Isn't it the Lebanese Shee Members of the Dawaa who are 15 under the heaviest sentences? Oh yeah, there's three uh, three, like we made it quite 17 clear to them that the three guys who are convicted, that have been sentenced to death are never going to get out. 19 You made that clear to the Iranians? 20 21 C: Yes. So, what we were, what were we talking about in terms 22 W: of the Dawaa here. Who's getting out? 21 C: Five guys. They're due to get out this year, I think.

137

W: And they are not Lebanese. Is that correct?

26

UNCLASSIFIED

C: Some of them. I've never gotten a break down. There,

- 1 there are three different categories of sentences. There are
- 2 three guys that are sentenced to death. They are Lebanese. Two
- 3 of them, I think. Two out of the three and, then there are nine
- 4 others that have oh uh, lesser, have pretty heavy sentences, and
- 5 then there are five that have, I think, just four years. So,
- 6 when would talk, what we committed to do was one of the things
- 7 that the Iranians were worried about is that these, the Kuwaiti $r_{
  m s}$
- 8 would not release the five when their sentence was up.
- 9 W: They, they wanted them to. Was that correct?
- 10 C: Yeah, and oh uh, North made the commitment to intercede
- ll with the Kuwaiti's to make, to find out if these guys would be
- 12 released when their sentence was up. So, when, when you're
- 13 talking about the Dawaa prisoners you're basically talking about
- 14 those five plus uh, others who had longer sentences but not real
- 15 long sentences, maybe the Kuwaiti's would oh uh, at some suitable
- 16 occasion oh uh, uh, release a couple of them.
- 17 W: Can you explain to me why it is that nowhere in any of
- 18 the tapes does that distinction appear?
- 19 C: I don't know because I I, if you look at some of my
- 20 notes uh, particularly in Te, you know in Teheran, North is
- 21 respond, the initial response that by both North and McFarlane is
- 22 we'll, we'll, we're willing to take certain actions but, we won't
- 23 interfere with legal, due legal process in Kuwait.
- 24 W: Right. I- I'm really limiting that question to the, to
- 25 the Frankfurt and Mainz discussions.
- 26 C: But if you look at my oh uh, my reco, I don't know if I

138

- 1 put anything in my notes about it but, I am convinced that what
- 2 we were talking about was the five guys who were due to get out,
- 3 I think its this year and maybe one or two of the others. But,
- 4 we had made it quite clear I recall this specifically, that hey,
- 5 forget about the three guys that are sentenced to death.
- 6 W: The uh, nine point plan that Albert Hakim ended up
- 7 negotiating at the end of the Frankfurt uh, meetings, that
- 8 specifically contains the number 17 for the plan to release the
- 9 Dawaa prisoners. Uh, there is, there is uh, uh a modification of
- 10 that in the uh PROF note that I showed you earlier where it
- 11 refers to some Dawaa' but it's an undetermined number of Dawaa
- 12 prisoners who are going to be released. Uh, again, the tapes of
- 13 both Frankfurt and Mainz show no discussion distinguishing
- 14 between prisoners with varying prison sentences and there's no
- 15 point at which the United States delegation in terms of the
- 16 Iranians, at least on tape, and says to them -- the three who are
- 17 sentenced to death are not coming out no matter what.
- 18 C: I remember that specifically, North saying it. I can't
- 19 remember, I think it was said first here in Washington and then
- 20 reinforced at the initial meeting in, in Frankfurt.
- 21 W: Well, it was, what was said in Washington was uh, that
- 22 uh, North said that he would not interfere with the processes of
- 23 uh, of uh, Kuwait. But, in Frankfurt that same sentiment did not
- 24 come across, and there was, there was no distinguishing uh,
- 25 points that you're referring to on sentences did not come through
- 26 at all. And, there was no specific reference to any Dawaa

139

- 1 prisoners under death sentence.
- 2 C: I'm certain that that was, it might not be in the
- 3 tapes or anything, but, I'm certain that that came up. That we
- 4 just couldn't do anything about, nothing can be done about the
- 5 three that were sentenced to death.
- 6 W: Well, how was it that Albert Hakim then negotiated a
- 7 plan that included all 17?
- 8 C: Well, I think that if you want to though, but the final
- 9 fruit of this so-called plan that oh Copp and I were supposed to
- 10 devise for the, for the Dawaa 17 comes up in the meeting we have
- 11 with min Geneva in which we basically, if you look very
- 12 carefully at my minutes, we've, we are haggling with him all day
- 13 on this saying that we can't do anything more, we can't make any
- 14 guarantees with you, and the only way you're going to ever get
- 15 anywhere with the Kuwaiti s is by going down there yourself and
- 16 talking to them. And they finally agreed to that.
- 17 W: Okay. Okay, but I don't want to, I don't want to go to
- 18 November yet.
- 19 C: Okay.
- W: I'm uh, I'm uh speaking really of Frankfurt uh, in
- 21 Frankfurt that distinction just isn't there.
- 22 C: I'm certain the distinction was made.
- 23 W: Now you, you read those tapes before you came down
- 24 here.
- 25 C: Yes I did, and I- I think that one of the unfortunate.
- 26 I'm positive that the distinction was made in Frankfurt

140



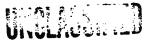
- between the different categories of prisoners.
- P: Was it possible that the uh, uh, the conversation uh-uh have
- 3 could occurred but not been recorded?
- 4 C: A lot was missed, a lot was missed on the recording.
- 5 [ Okay, that was David Pearline who was uh, assisting there.
- 6 Laughter]
- 7 C: There was incidentally a lot missed. There was a lot
- 8 missed on the, on the tapes.
- 9 W: The, the tapes read as though uh, much was missed. The
- 10 thing that I find uh, disturbing is that although, the the
- 11 tapes also caught quite a bit and that uh, there's just no where
- 12 in what they caught, any reference whatsoever, to any United
- 13 States differentiation between the prisoners on the basis of
- 14 sentences and no Shermanes statement out of North saying "there
- 15 ain't no way on the three that have been sentenced to death."
- 16 C: If uh, its of any help I shared your view when I read
- 17 it because I know that uh, the word distinctions made in
- 18 categories of prisoners. Uh.
- 19 W: And you're pretty sure that was in Frankfurt?
- 20 C: Yes. I'm certain. I mean, we talked about
- 21 distinctions between the prisoners, we also talked about them as
- 22 a group, but, I'm certain that when we were talking about what
- 23 we, anything that could be done, we were talking about the people
- 24 who were the lesser terms.
- 25 W: Do you recall uh, uh the Seven Point Plan that North
- 26 came to Te, to uh Frankfurt with?

141

UNCLASSFILD

This was the Seven Point Plan that was written in 1 C: 2 Teheran? 3 W: The same. C: Yeah. W: It reads. The Nine Point Plan of Hakim's is sort of a modification of the original Seven Point Plan. well, it's - it's more than sort of. Okay, it's - it's a modification of the Seven Point Plan. The Seven Point Plan that uh, that North brought with 10 him uh, for example, did not contain any provision for sequential 11 release of hostages. Uh. That's true. Because it's the same as the way we, the 13 way we wrote it up in Teheran. There is a, it has some additional factors in it, for 15 16 The the research John Patus, who had been a prisoner at the time the Teheran meeting occurred and also the Buckley debrief is included uh, which you didn't know of at that time. In that uh, we have a copy of the, the North handwritten notes, uh, that is cut off on the bottom, the last line is eliminated but it refers to uh, the 7th step, the U.S. will then identify 22 sources for other items on the list, the bottom part of the, of 23 the sentence is incomplete. Uh, I have by reading the October 10 PROF note concluded that - that probably is a reference to the 25 list of arms that the relative brought to Washington with him. 26 Do you recall the seven points well enough to, to express an

142



1 opinion on that? I'd have to look at them. C: W: Okay, let me hold off just a minute here, and I'll pull that out of my file. I'm going to go off the record for a 5 moment. [PAUSE] 7 Mr. Cave, I'm showing you what has been marked as exhibit 15A. Would you take a moment and read it please? 9 [PAUSE] 10 Yeah, that's what that referred -- What was the date on 11 this? 12 W: There is no date on it. 13 This was, based, this was not the original Seven Points C: 14 in Teheran. 15 W: Right. 16 C: These, these are what we did at the September meeting. 17 W: With uh, That's right. And, you're correct we will \_\_\_\_ was 18 C: what he was referring to, the other row of items on the list. 19 Now, Albert Hakim uh, in his deposition, identified 20 this list as a list that was left with him as basically a 21 negotiating guideline for uh, in Frankfurt when he was left to 22 negotiate with the Iranians himself and he identified this 23 24 inscription at the top as being the handwriting of General Second 25 uh, and I think that's where some of the uh language comes from

26 on uh the U.S. position with respect to Saddam Hussein.



W: And you're referring now to the uh, Second uh entry on
the top of 15A which reeds: "We uniforstand S. Hussein must go...
Believe we can help after obstacles so." which is a reference to
the hostages. I would assume.

23 C: What -- what's really misleading in the tapes is it
24 appears almost as if there's a commitment that we're going to
25 march in and drag Saddam Hussein out of the Presidential Palace
26 and put something, someone else in, and that's not the case.

| 1 | w: |  | - 1 |
|---|----|--|-----|
| 2 | C: |  |     |

- 3 W: Now, the tapes show, and I think the uh, uh, the recent
- 4 uh tape transmissions...
- 5 C: I have a confession to make. I didn't want to tape
- 6 those meetings, [LAUGHTER] I've always found that tapes are very
- 7 bad uh, because you never get everything and uh, they're also
- 8 subject to interpretation. Also, when you're taping meetings
- 9 like this, there's so much that's said that is later
- 10 countermanded uh that, it becomes very confusing.
- 11 W: Duly noted. In the uh, tapes that we have of Frankfurt
- 12 uh, there comes a point where North uh, departs the meeting and
- 13 uh, what he says is, "why don't you guys hold this discussion
- 14 after I'm gone" and then he refers to the Seven Point uh document
- 15 and I think he's referring to uh what has been marked as Exhibit
- 16 15A.
- 17 C: I think I left off though. I left that meeting also,
- 18 at the same time North did.
- 19 W: That was the question I was going to ask you. What
- 20 happened to you at that point?
- 21 C: I had an irate wife sitting in a hotel. [LAUGHTER] So,
- 22 I no I left because I had wh, I had made, already made
- 23 arrangements to go with my wife, to go see my Garman
- 24 grandchildren or our German grandchildren, so I left at about the
- 25 same time North did. And, Hakim brought the rough copy of the
- 26 Nine Points at the airport the next morning.

145

IINCI ASSIFIFA

- W: Alright, now I want to show you what uh, I have marked
- 2 here as. Hold on, I'm going to go off the record for a moment.
- 3 Back on the record. I'm going to show you what's been marked as
- 4 uh, Exhibit 16A and 17A. 16A is a translation by Albert Hakim of
- 5 the Farsi original of the Nine Points two-page document and the
- 6 second document is 17A, a uh, document with the CIA logo on it
- 7 dated uh 8 October 1986, evening until midnight. Mr. Cave if
- 8 you'd take a moment and review those two documents.
- 9 [PAUSE]
- 10 C: This, okay this is, this one
- 11 W: This is 17A. Is that correct? When you say this.
- 12 C: Yeah, 17A, this is the one that Albert delivered to me
- 13 at the airport on the way out. Cause I immediately questioned
- 14 him on what did he mean by one and one-half American hostages.
- 15 Which half?
- 16 W: Was that his own English rendition of it?
- 17 C: Uh, yeah. Wait, uh no. I don't know whether I I
- 18 can't remember whether I translated this. I remember him giving
- 19 me the Farsi too, and I don't know whether I translated this or,
- 20 or what.
- 21 W: Did you uh -- When this whole initiative became
- 22 publicly exposed did you, were you able to locate a Farsi version
- 23 of this Mine Boint Plan in your files?
- 24 C: I thought I passed one to you.
- 25 W: We don't have one, but uh -- Do you recall having one?
- 26 C: Yeah, he gave me one.

146

- 1 W: Hakim did?
- 2 C: Hakim did. Uh, but someone's got it. It might be that
- 3 the SSCI has it for all I know.
- 4 W: But your recollection is that you have it?
- 5 C: There is one. Yeah, I had one at one time, I know.
- 6 But what I did with it, is beyond me. But this is, yeah, this is
- 7 the first draft as I note down here they're available at the NSC
- 8 subsequent refinements because...
- 9 W: Is that your handwriting?
- 10 C: That's my handwriting. Albert, when he told me, he
- 11 said there was a couple other things that might be changed based
- 12 on uh, conversation he was going to have with them.
- 13 W: With whom?
- 14 C: With oh uh, uh uh, and after I left.
- W: And uh, just for the record, the reference to your
- 16 handwriting is on 17A at the bottom of the page. Is that
- 17 correct?
- 18 C: That's correct. I I honestly can't recall whether
- 19 this, I, whether he gave me the English of this and, I know he
- 20 gave me the Farsi. I don't know whether I trans.. I can't
- 21 remember whether translated that or what.
- 22 W: Now this plan clearly calls for the 17 prisoners held
- 23 in Kuwait?
- 24 C: This one is the -- yes, that's true um, but um, is
- 25 there a plan for a release of the 17 persons. The only thing I
- 26 can tell you is that was in talking to the Iranians they agreed,

- 1 they agreed to this wording because if you go forward in history
- to the November meeting, we told them we had done everything we
- could and everything else was up to them.
- 4 W: Now, you're uh...
- 5 C: But, during the discussions I'm absolutely certain that
- 6 the three guys condemned to death, it was made clear that nothing
- 7 could be done about them and that the hope was for the five guys
- 8 with the lesser sentences and some of the others who had varying
- 9 sentences.
- 10 W: Why is there any doubt that the people who have already
- 11 received determinant sentences aren't going to be let go in, at
- 12 the end of their period of time?
- 13 C: Uh, the Hizballah in Lebanon was concerned that the
- 14 Kuwaitis would continue to hold them as hostages against any
- 15 future acts of terrorism.
- 16 W: All of them?
- 17 C: All of them, not release them when their term was up.



25 W: I'm going to show you again the uh, PROF note dated

26 10/10/86, uh there the uh Nine Points have been reduced to Seven

- 1 Points and uh, there's uh, there's a reference here, an entry gave Dick a proposal closer in line to my 2 here that says: original Seven Points and asked Dick if there was any way he could get us to meet before November 3." Who's 5 C: 6 Take - take a look at the uh, uh first paragraph of uh, W: 7 unnumbered paragraph of this PROF note. 8 [PAUSE] Oh, that's oh uh, that has to be uh, 9 Is that uh, another pseudonym for him? 10 11 Yeah, 'I don't understand it -- why he's using it. Because, you know Nee in here this 13 is -- you see -- to release some of the Dawaa.
- 14 W: Right, I noted that earlier. Now, how were these
- 15 modifications made uh, Mr. Cave uh, Albert Hakim has negotiated a
- 16 Nine Point Plan with the Iranians uh, that plan is transmitted,
- 17 its dated October 8 on the English translation that we marked as
- 18 uh, I think uh, 17A. This is two days later, the Iranians
- 19 presumably have departed from the scene and this looks like a
- 20 different proposal -- it's been changed in some way. Now, how
- 21 was that accomplished? Do you know?
- 22 C: If you noticed in the bottom of mine, I said that the
- 23 final, this is just a draft version, and the final version will
- 24 only be available at the NSC. Uh.
- 25 W: When you say that... well who's doing the negotiating?
- 26 What's -- How does this agreed upon?

149

- C: I uh, all of the negotiation from this point was
- 2 carried on by uh, Hakim and Secord. I was out of it. I -- Ollie
- 3 and I left the meeting at the same time. They did all this
- 4 negotiating. These, this, these two proposals were done by,
- 5 negotiated by them. Now, I don't know how they, I honestly don't
- 6 know how they got from this, to this...
- 7 W: From this, you mean 17A to...
- 8 C: This, I think, to this, to this, to this...
- 9 W: Okay, wait a minute, we're going to have to, I'm going
- 10 to have to do this for the record. When you say from this, to
- 11 this, to this, you're talking, you're referring first to 17A,
- 12 then to 16A, and then you're referring to the October 10 PROF
- 13 note. Is that correct?
- 14 C: Yeah, that's correct.
- 15 W: Okay.
- 16 C: But, this see...
- 17 W: This is the October 10 PROF note.
- 18 C: The PROF note is more in line with my recollection of
- 19 the meetings of what transpired on the 17.
- 20 W: Okay, now I gotta, I have a couple of questions for you
- 21 about the PROF note. First, the PROF note contains a price for
- 22 the TOW missiles, wh, if you note on the top, the first point is
- 23 they're going to pay 3.6 million dollars for the TOW missiles,
- 24 which is a reduction in price per missile over previous TOW
- 25 transactions. Do you know how it was that at this stage of the
- 26 game, that is 10/10/86, the price had already been reduced?

150

| 1  | C: Reduced from what?   |
|----|---|
| 2  | W: Reduced from the price that the United States had been         |
| 3  | asking for TOW missiles uh, uh since February, which is 10        |
| 4  | thousand a piece.   |
| 5  | C: Oh, uh, I don't know. I don't know how, how they               |
| 6  | arrived at this figure. I did not know what the price was at the  |
| 7  | time. Is all I knew is when we had mainz meeting uh, the          |
| 8  | Iranians already had the price because they arrived with a 4      |
| 9  | million dollar check.   |
| 10 | W: Alright, and - and this uh, PROF note would indicate           |
| 11 | that uh, by 10/10/86, they had a price that was in the area of    |
| 12 | 3.6 million dollars, which is a lower price since its 500 TOWs    |
| 13 | than the 10 thousand per TOW uh, that had been charged up to that |
| 14 | point. You - you're not aware of the dynamics that resulted in    |
| 15 | the reduction of price?   |
| 16 | C: I have no idea what caused the reduction in price.             |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |

| 1                    | SIDE ELEVEN - TWC/hgp   |
|----------------------|---|
| 2                    | W. Uh, Mr. Cave did you hear that portion of Lt. Col.   |
| 3                    | North's testimony where he predicted the release of several of  |
| 4                    | the Danwa prisoners? I think the language he used was "they were  |
| 5                    | going to release some of these prisoners as sure as I'm sitting   |
| 6                    | here we may as well get some credit for them" and I think by that   |
| 7                    | he meant get the release of some hostages.  |
| 8                    | C. He had told me, I didn't hear that part, but he  |
| 9                    | had told me that they had questioned the Kuwai an on those five,  |
| 10                   |   |
| 11                   |   |
| 1 2                  |   |
| . 3                  |   |
| 4                    |   |
| . 5                  | W. The uh, point number 3, the prof note that says  |
| _                    |   |
| 6                    | that Copp and Sam are going to help prepare a plan for  |
| . 7                  | that Copp and Sam are going to help prepare a plan for approaching the Kuwaites to guarantee no more terrorism against  |
|                      | that Copp and Sam are going to help prepare a plan for  |
| 7                    | that Copp and Sam are going to help prepare a plan for approaching the Kuwaiters to guarantee no more terrorism against the Amir and by which the Amire will use a religious occasion to release some of the Danwa what was contemplated by that? What  |
| .7                   | that Copp and Sam are going to help prepare a plan for approaching the Kuwaites to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to  |
| . 7                  | that Copp and Sam are going to help prepare a plan for approaching the Kuwaiters to guarantee no more terrorism against the Amir and by which the Amire will use a religious occasion to release some of the Danwa what was contemplated by that? What  |
| .7                   | that Copp and Sam are going to help prepare a plan for approaching the Kuwaites to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to release some of the Danwa what was contemplated by that? What did you understand that you were supposed to be doing to execute   |
| 1.7                  | that Copp and Sam are going to help prepare a plan for approaching the Kuwaites to guarantee no more terrorism against the Amir and by which the Amir will use a religious occassion to release some of the Danwa what was contemplated by that? What did you understand that you were supposed to be doing to execute point 3?   |
| 17 18 .9 .9 .10 .11  | that Copp and Sam are going to help prepare a plan for approaching the Kuwait's to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to release some of the Dawa what was contemplated by that? What did you understand that you were supposed to be doing to execute point 3?  C. What we were going to do is try and come up with  |
| 17 18 .9 20 21 22 23 | that Copp and Sam are going to help prepare a plan for approaching the Kuwait's to guarantee no more terrorism against the Amir and by which the Amir will use a religious occasion to release some of the Danwa what was contemplated by that? What did you understand that you were supposed to be doing to execute point 3?  C. What we were going to do is try and come up with some sort of proposals that the Iranians could take down to |

- 1 we were not going to, and never contemplated, you know, direct
- 2 intervention to get these guys released. Um, what we had hoped
- to was based on the fact that the Kuwaites were going to
- release, uh, these people when their terms were up is get the
- Iranians talking to the Kuwaites and try and come up with some
- reasonable proposals, uh, that might give them some negotiating
- points with the Kuwaites.

- 9 This is all relating to the five whose terms are going to mature in the next six months or so?
- Primarily those, we thought that maybe the Kuwaitees 11
- might release one or two of the others who had, you know these
- terms weren't that great, as some possible amnisty. 13
- And that would be a release before the maturation of 14
- their sentence? Is that correct?
- 16 That's correct.
- 17 Now, when Admiral Poindexter was questioned on the
- Dahwa he said that the idea was that General Secord could 18
- approach the Kuwaites as a private citizen and that would not be 19
- the United States acting. Was that your understanding, that
- Secord was basically going to go in the capacity of a private
- citizen and approach the Kuwaites and seek to get some
- flexibility on the Dalwa prisoners?

26

24 25

C: Wig that is not my recollection

UNGLASSITIED

And this is the Dakwa you're talking about now?

This is the Dahwa, but I don't know if anything was

And I don't recall Dick being mentioned as doing

anything with the Kuwaitees.

And that is Dick Secord? 

Dick Secord, that is correct.

Okay, now let me move Minths. 1 Nice town, Minths. c. Love to go there. The, uh, I think you'll recall from reading the transcripts that the winths meeting begins with North giving basically a progress report to the Iranians, uh, first let attends the westing. me ask you. at all attend that meeting? 8 No, he's not there. The notations in North's notebook indicate that he's in 10 during that period of time. Do you recall anything to do with his visiting during that period of time? 11 c. 12 No. 13 And, uh, otherwise it's you and North, Hakim, Secord, is that correct? 14 15 c. That's correct. 16 W. Anvone else? 17 There were from that always accompanies they were there but they didn't 18 participate in the meetings. Also 19 was there. Let me back you up on the subject of 20 Were they also present at Frankfurt? 21 I don't think so, not that I recall. 22 c. What were they doing in Minths? 23 W.

UNCLASSIFIED

Uh, I have to jog, I think that Hakim just brought them

came over because North asked him we were supposed

was bringing something and I forget what it was.

24

25

26 And

1 to congratulate him for his great works he had done, whatever they

| 2  | were. But he did not participate in any of the meetings.     |
|----|--|
| 3  | W. I think at that time was a security                       |
| 4  | concern Is that  |
| 5  | correct?   |
| 6  | C. That's correct. And also we knew he was lying about       |
| 7  | Ghorbanifar.   |
| 8  | W. There was some concern expressed in the Washington        |
| 9  | meeting that he might even be Do you recall any              |
| 10 | credence to that?  |
| 11 |  |
| 12 | C. That's Ollie North's, you know to warning the Iranians    |
| 13 | who they are dealing with. You know, for all we know he's    |
| 14 | I don't know whether he is or not. The interesting thing     |
| 15 | is that I don't know whether it was at this meeting or       |
| 16 | at the Frankfurt meeting wanted cut out. Even though he      |
| 17 | was ostensibly an exofficio Iranian official buying arms for |
| 18 | Iran.  |
| 19 | W. And officially I think that had named him as              |
| 20 | one of the people who was going to serve on the joint        |
| 21 | commmission. Is that right?                                  |
| 22 | C. No, not   |
| 23 | W. I think that was in Washington, when asked to name the    |
| 24 | Iranian team he said that he wanted to handle logistics.     |
| 25 | C. Yeh, but he would not be a member of the team.            |
| 26 | W. That is recorded in Secord's notes as being a member of   |
|    | 156  |

the joint comm 2 c. No. So that would be contrary to your understanding. They would use him for logistics support type things because he knew his way around but he would not, we had the four members of the team. You got those in Ninths, is that right? c. I think they gave them to us in Frankfurt. You made a memo on that and I'll show it to you. 10 It could be but. 11 Let me run through this progress report that North gave 12 and what I want you to do is see if you can shed light on whether 13 any of these actions was taken or to the contrary if you know 14 them not to have been taken to illuminate the committee on that 15 point. North listed among the steps the United States has taken 16 17 Do you know whether that was the case? 18 I don't know. 19 w. Uh, the United States also had had private discussions of undetermined character, the Kuwaites and had 20 21 talked very privately with according to North. Do you recall beyond just that those talks were represented to have 22 occurred what the substance might have been? 23 Uh, Ollie told uh, Ollie told me that they were going

157

Okay, but North is representing that the United States

25

26

to talk to the people.

l has talked to these people. That is

| 2  | ^   |
|----|---|
| 3  | C. And as far as I know it's in the person of News Admiral        |
| ,  |   |
| 4  | Poindexter and the subjects concerned the Iranian position on     |
| 5  | Russein is a prerequisite to peace uh, the hostage problem        |
| 6  | being tied up to the Dakwa problem and the fact that the Iranians |
| 7  | were very much interested in improving relations with the Gulf    |
| 8  | neighbors.  |
| 9  | W. Okay now, I think the Iranian position on Saddam Russein       |
| 10 | was publicly known in the Gulf. Is that fair to say?              |
| 11 | C. Well, I would say, publicly yes, but I think that what         |
| 12 | we were trying to do was emphasize that we had done an awful lot  |
| 13 | of research on us and had gotten an awful lot of information and  |
| 14 | had assured that nothing was going to move until                  |
| 15 | Saldam<br>Soden Hussein went.                                     |
| 16 | W. Now did you understand that the United States                  |
| 17 | C. Oh, the Iranians, one of the things that they asked us         |
| 18 | you know, I think it was at the Frankfurt meeting, to make it     |
| 19 | clear to that they weren't about to enter into                    |
| 20 | any kind of peace negotiations as long as 300mm Hussein was in    |

- 22 W. Was there any concern that if the Iranians succeeded in
- 23 ousting Sedem Husseing it would be an absolutely phenomenal
- 24 victory in the region for them?

21

power.

- 25 C. There was for them but one of the things that they, the
- 26 message that they wanted to get across to is they said look, we



- 1 don't want it, we don't care if there's an Islamic government or
- 2 not we are willing to go along with the government that is
- 3 suitable to and if they want to play a role in a
- 4 subsequent government fine, we just don't want anything to do
- 5 with Sealer Hussein and the Bath.
- 6 W. Did you have any concern that uh, in the event that
- 7 Hussein was removed the pot might be boiling enough in Iraq that
- 8 Iran would be tempted to seek through its own agents to influence
- 9 the character of the government?
- 10 C. If you're asking if I believed in the Transaction

  11 Single rity in what they said, no I didn't.

  12

  13

  14

  15
- 16 W. So you would have had some reservations about whether
- 17 in the event that real political instability had manifested
- 18 itself in Iraq that the Iranians might nonetheless have taken
- 19 advantage of that, is that correct?
- 20 C. You know one of the few periods of political stability
- Saddam 21 in Iraq has been Sedem Hussein's rale.
- 22 W. Okay, but you would have been concered in the event
- 23 there had been political instability in the wake of his departure
- 24 that Iran might have been tempted notwithstanding its words to
- 25 the American negotiators to try to and effect the shape of the
- 26 next regime.

159

| 1          | C. I didn't have any doubts about that.                          |
|------------|--|
| 2          | W. Next statement beyond the very private talks with             |
| 3          | was that stated that on October 12 the I                         |
| 4          | believe it was with an Iranian representative and                |
| 5          | that the was that he had or was going to                         |
| 6          | shut off the Iraqi pipeline that flows to the Red Sea when       |
| 7          | said that North said that's us doing that, in other              |
| 8          | words influencing the Iraqis to cut off the pipeline to the Red  |
| 9          | Sea. do you know whether that actually occurred                  |
| 10         |  |
| 11         |  |
| 12         | C. There was a shut-off by the pipeline and I think the          |
| 13         | reason that was given was technical.                             |
| 14         |  |
| 15         |  |
| 16         |  |
| 17         |  |
| 18         |  |
| 19         |  |
| 20         |  |
| 21         | W. In fact he had that meeting on October 12, he had had         |
| 2 <b>2</b> | that meeting by the time the Minths meeting had occurred. Now do |
| 23         | you know whether when North said "that's us" daing the meeting,  |
| 24         | whether "that's us" influencing the cut off of the Red Sea oil   |
| 25         | pipeline, do you know whether there was any validity to that     |
|            |  |

160

- 1 C. I have know concrete evidence that there is other than
- 2 what North said.
- W. There also was a good deal of discussion in Minths
- 4 about Phoenix Missiles. Do you recall that?
- 5 C. Yes I do.
- 6 W. There was a discussion in particular about the need to
- 7 bring in technicians to repair 72 Phoenix Missiles that the
- 8 Iranians hoped would eventually bring down some Iraqi fighters
- 9 who were punishing their or bombers I guess who were punishing
- 10 their economic lifelines. Do you know how far the talk
- 11 progressed on the subject of the Phoenix technicians?
- 12 C. We did a lot of talking about that and I guess you
- 13 could say there was agreement in principle if everything else
- 14 went down right to send a technician in this would be roughly
- 15 about the same time we would send a commo team in to maintain
- 16 secure relations between the uh, secure communications between
- 17 the two countries.
- 18 W. Now there was also talk about sending in a Hawk
- 19 technician, correct?
- 20 C. That's correct.
- 21 W. That would be a technician distinct from a Phoenix
- 22 technician?
- 23 C. Yes, the reason the Hawk thing came up because in
- 24 analyzing the request for spare parts no one can figure out why
- 25 they wanted some of the things they wanted. We tried to tell
- 26 them they didn't need us and they said no their technicians said

- they needed them and we said well you know if you're ordering ten
- 2 of these things it takes a hundred years to order ten of them
- 3 (laughter).
- 4 W. Long war.
- 5 C. So, we were saying also and what Secord was doing is
- 6 get someone in there that could look over their logistics, they
- 7 probably had a lot of the stuff and just didn't know how to find
- 8 it.
- W. What you mean by that is they have a computerized
- 10 logistics system that they can't crack anymore.
- 11 C. Yeah, they can't get it working.
- 12 W. So they don't know what they have.
- 13 C. Well they gave us a lot of examples of how poor their
- 14 logistics system is. Prior to one of these assaults or one of
- 15 these offensives they call everyone they can think of all over
- 16 the country. How many 105 rounds have you got, how many
- 17 recoilless rifle rounds you have got, just to find what they'd
- 18 gotten and get it assembled. It's done almost mechanically.
- 19 W. There was in the Minths tapes and I think you recall
- 20 this, there was discussion on the Hawk technician that in fact he
- 21 had been identified and there was even some talk about him coming
- 22 in under contract. It sounded from the tape as though his
- 23 deployment to Iran would be in the near future. Do you recall
- 24 how near his deployment to Iran might have been?
- 25 C. There were two possibilities there. One of them had
- 26 been discussed with Nir about the possibility, you know there's

160

- 1 alot of Iranian Jews in Israel and maybe among them could be
- 2 found a couple of technicians. The other thing now, I realize
- 3 there's alot of talk about sending a technician I don't know how
- 4 real close we ever got to doing that. I don't know if anyone was
- 5 ever identified. Secord told them that whether he had actually
- 6 identified someone I don't know. I never heard any names.
- 7 W. North, let's just go back briefly to the Danwa, in Miante
- 8 North said he had spent seven days putting together a plan on
- 9 Damwa. Did he share that with you?
- 10 C. He said that in Minths?
- W. He said it, in fact he said it just to the Americans.
- 12 The way the tape reads that he had spent seven days putting
- 13 together a plan on the Dahwa prisoners. Did he go into any
- 14 detail that you recall on that?
- 15 C. No, I'm certain I would have remembered any detail on
- 16 that.
- 17 W. I'm drawing on your knowledge of Iran on this one.
- 18 Have you ever heard of the Ayatollah Khomeini referred to as His
- 19 Holiness the Imam?
- 20 C. Well he's referred to as the Imam but not His Holiness.
- 21 I've never heard to him as His Holiness, just to say the Imag is
- 22 to say it all, they refer to him as the Imam Khomeini.
- 23 W. That's a term I think that Westerners tend to associate
- 24 with the Pope. Is that your association?
- 25 C. Yep, that's correct. (Laughter). Where did you get
- 26 that?

- W. I don't have it right with me but there was a KL-43
- 2 message where North imposed a speech for Rafsanjani that was
- 3 (laughter) in which among other things Iran proclaimed "the
- 4 enduring reality of its Islami resolution its Christian peace"
- 5 His Holiness the Imam's gracious command that acts of terrorism
- 6 are not acceptable to advance the aims of the Islamic resolution.
- 7 C. At one point they had told us that the Imam was
- 8 prepared a front law on terrorism.
- 9 W. They told you that on a couple of occassions had they
- 10 not?
- 11 C. Yeah.
- 12 W. I think that's referred to in Ghorbanifar's letter in
- 13 July 8 or July 9 and it's also referred to in Secord's notes in
- 14 the meeting in Washington with
- 15 C. That's correct.
- 16 W. To your knowledge was that ever issued?
- 17 C. No not to my knowledge, what he did do is he issued an
- 18 interesting statement in which the hostages being held in Lebanon
- 19 should be considered by their takers as prisoners under Islamic
- 20 law.
- 21 W. Rather than as spies.
- 22 C. Yeah, or whatever they were saying.
- 23 W. Were you able to independently verify that occurred?
- 24 C. Yes, that was in a public speech. I suspect he cuts a
- 25 lot less ice among the Lebanese now since the money isn't flowing
- 26 as freely.

IMCLASSIFIED

- W. And when you say he you mean the Ayatollah?
- C. Yeah, the Ayatollah. The Imam.
- 3 W. His Holiness.
- 4 C. He's Ayatollah O Usmah more correctly.
- 5 W. I gather you aren't consulted on the proposed speech,
- 6 is that fair to say?
- 7 C. I think it's fair to say, yes.
- 8 W. In the meeting that occurred in Geneva which I believe
- 9 was in November 8 that is you and North, you're there for a
- 10 longer period of time than North and Second, is that correct?
- 11 C. I guess so, they were taken, North had to leave a day
- 12 early I think.
- W. That's the way the notes read.
- 14 C. My plane left in the afternoon of the day I left,
- 15 whenever the hell it was. Hakim and I were left there.
- 16 W. Hakim too attended that meeting, is that correct?
- 17 C. He attended some of them, yes that's correct. Some of
- 18 them he didn't attend. I had a long meeting with

19 we discussed intelligence things.
20
21
22
23
24
25
26

165

- W. Let me show you I'm going to mark this as 18-A this is
- 2 dated November 3, 1986 it is directed to the Director of Central
- 3 Intelligence and it's attributed to Charles Allen and the subject
- 4 is the Frankfurt meetings. I asked Charles Allen about this, he
- 5 says he didn't write it, he says you did would you take a look at
- 6 it?
- 7 C. Yep, I wrote this. And what happened is is, no this is
- 8 the Nimbs meetings.
- 9 W. It's headed Frankfurt meeting, but in fact it's a
- 10 rendition of the Minths meetings.
- 11 C. And, I'm trying to think of why it was handled this way:
- 12 there's a reason it was but I can't for the life of me think of
- 13 why it was. The only thing I can think of, it... what he did as
- 14 you know from reading my memos they're all full of typos and
- 15 misspellings and ...
- 16 W. Yes this is really an unusual memorandum in that
- 17 regard.
- 18 C. This is what happened here is that Charlie cleaned it
- 19 up and gave it to his secretary and said send this to the
- 20 Director. So she had automatically assumed it was from him so
- 21 that's how it got that way. That's why it's not recognizable as
- 22 mine immediately. I guess I could even deny I wrote it and
- 23 people would believe me.
- 24 W. Not anymore.
- 25 C. Okay.
- 26 W. The discussion on page 3 really or page 4 excuse me of

166

- 1 this exhibit 18-A in the middle of the page there's a reference
- 2 to a discussion of the Phoenix Missiles. Was there consideration
- given to what kind of an impact the resuscetation the missiles
- 4 might have on the conduct of the war?
- 5 C. Yes and it was considered pretty marginal. The fact is
- 6 that we were not prepared to send in a technician until this
- 7 thing got pretty far down the way. All the hostages would have
- 8 had to have been released.
- 9 W. But you didn't think that would happen if the accepta
- 10 Valley and had their way.
- 11 C. I thought most of this stuff was window dressing anyway
- 12 I couldn't see all of the Shisher releasing all of the people and
- 13 we weren't going to do most of this stuff unless that happened.
- 14 So I thought it was sort of whistling 🖼 Dixie.
- W. The memorandum contains a reference to the to four
- 16 people who are going to serve on the commission, the joint
- 17 commission, that's down on the bottom of the same page you're

18 looking at, page 19 20 21 22 23 24 25 26

167

| 1  | W. Now I've got to ask you a question Mr. Cave. If you            |
|----|---|
| 2  | survey this list then according to Albert Hakim is                |
| 3  | present at the February meeting in Frankfurt which is a first     |
| 4  | channel meeting.  |
| 5  | C. I didn't know that.  |
| 6  | W. I know you didn't know that. But                               |
| 7  | shows up at first channel meeting in Tehran, is that correct?     |
| 8  | C. That is correct.   |
| 9  | W. is the main contact point for Ghorbanifar in                   |
| 10 | Iran so and then these people all show up on the joint commission |
| 11 | proposed by the second channel representative the Rev Guard       |
| 12 | Intelligence Office or by himself in Manths. Now the              |
| 13 | question occurs as you see the personalities as all being the     |
| 14 | same that in dealing with the second channel aren't we really     |
| 15 | dealing with the same political factions we were dealing with     |
| 16 | through the first channel? And before I have you answer that let  |
| 17 | me change the tape.   |
| 18 |   |
| 19 | •   |
| 20 |   |
| 21 |   |
| 22 | /   |
| 23 |   |
| 24 | TAPE TWELVE - TWC/hgp   |
| 25 | CONTINUATION OF EXAMINATION OF GEORGE CAVE BY MR. WOODCOCK:       |

168

26

**IINCLASSIFIED** 

W. The question pending is aren't we really dealing with

the same cast of characters even though we've switched from Ghorbanifar to I asked similar question and put it in a different way to him when he brought these names up. And to him is ... 7 Now you've got to remember that the, we were always dealing with a faction of the Iranian government not the Iranian government and the faction was the one controlled by Rafsanjani. Now, when you get into some of these guys, 11 is Rafsanjani's man and the man he sent over to talk to Bud McFarlane the second day. Now when you get into some of 12 the, what about now you told us this was not a supportable channel and he said Rafsanjani's view of this is that 15 we have to have members of each faction the three wings in the government and the guy from the radical faction is going to be 17 because he's already been cut in so there's a security 18 consideration also. is very conservative, is a great admirer of Khomeini incidentally, the president. But the two other guys are both, are both very strong supporters of Rafsanjani his men. 22 You don't identify with Rafsanjani is that correct? 23 24 c. No he's more, he's a conservative he told me that, you 25 know they said some things about Khomeini and then when we were 26 alone he said don't to all this he's a very good man, very

+0

UNGLASSITED

### IINCLASSIFIED

honest, listen to what he says not what people say about him. Given that shows up in Frankfurt haven't they 2 really affected the joint agreement among the factions even as 3 early as February 1986? You've got you've got 5 Yeah, according to when I questioned it was 6 7 always his idea that everyone had to be involved in this so that they couldn't come out and criticize it. 9 That pre-dates involvement is that correct? c. That's correct. He knew that we were in Tehran. 10 Rafsanjani did? 11 did, he told us that. 12 C. No, And the presence of in the May negotiations 13 would indicate that Rafsanjani was aware and that tolerating this at that stage, is that correct? Yes, he was sent over by Rafsanjani as his man to be in 16 the negotiations. Now one of the interesting things when we were 17 had several long arguments about in Tehran is he and how to proceed. We could listen to them, they would go out on 19 the court, out of the range of their listening devices and haggle 20 at one point they were accusing each other you know if this thing 21 doesn't succeed it's going to be your fault cause you didn't do the right things. This is the way he explained it to me the 23 security considerations, to keep as few people involved as 24 possible and also they wanted to get everyone involved and then 25 they swore them to secrecy, you know a representative of each of

UNCLASSIFIED

26

- 1 the three wings.
- 2 W. Now, Mr. Cave just a few more questions here. Your
- 3 memorandum of the meetings in Geneva statesas I think you've
- 4 already testified that the Americans advised that the
- 5 United States had done all that was humanly possible by talking
- 6 directly to the Kuwaites. Now what did you mean by that by
- 7 talking directly to the Kuwaites.
- 8 C. Well I was just passing on, this was not just me
- 9 talking it was Ollie talking. We had the one whole day we talked
- 10 about how, they kept wanting us to do more he wanted us to give
- 11 him a guarantee that if they sent someone to talk to the
- 12 Kuwaites something would result from it.
- W. And all you could say was that you would be warmly
- 14 received.
- C. All we could say is the Kuwaites are going to be
- 16 willing to talk to you and you've got to take it from there kid.
- 17 W. Okay, but what when, your memorandum says you've done
- 18 all you can by talking directly to the Kuwaites what direct
- 19 talking has been to the Kuwaites that you're aware of.
- 20 C. My understanding is that Admiral Poindexter had talked
- 21 to the Kuwait de Poreign Minister. Now I never saw minutes to
- 22 that meeting or a memorandum of it so I don't know precisely what
- 23 took part.
- 24 W. Now North in his notebooks for this period refers to a
- 25 six step Kuwaite plan, do you know what he's writing about
- 26 there?

171

- C. No I don't.
- W. Now in this meeting that occurred in Geneva with
- according, in North's notebooks of his meeting with

  and this is not reflected in your notes which I haven't
- 5 put in front of you but I'll make that representation.
- 6 C. Maybe because I was translating.
- 7 W. I don't know what the reason would be but let me just
- 8 bring out the point here. The took some time in as
- 9 reflected in North's notebooks describing or trying to describe a
- 10 distinction between the Islamic Jihad organization and Highellah.
- 11 C. That's true.
- 12 W. The one being susceptible by the influence by the
- I Iranians and the other, that is the Islamic Jihad being less
- 14 susceptible to influence by the Iranians. And then he has an
- 15 entry, North has an entry in his notebooks that appears to be a
- 16 really quite a wishywashy statement on part saying
- 17 that if the, some of the Dagwa prisoners were released then
- 18 something may be possible, which is about as indefinite as you
- 19 can get. Is that where the Iranians were at this point?
- 20 C. I had all along as you know concluded that we weren't
- 21 going to get many released and I remember the long talks we had
- 22 with I think that the last guy we got out was the
- 23 last guy we were going to get out, Jacobsen and I think that's
- 24 reflected there as they just can't, the High ilah wasn't going to
- 25 release anymore people until they got some of their demands
- 26 satisfied. That's also reflected in what was saying.

- 1 However, I go into some of the things, the differentiation
- 2 between Highwilah and Islamic Jihad, which he's saying Islamic
- 3 Jihad is not really an organization as the same sense as
- 4 Highallah in that something sort of, different people come
- 5 together for a specific purpose.
- z a

  W. So you accepted his distinction between Highlight and
- 7 the Islamic Jihad, is that correct?
- C. Not necessarily.
- 9 W. Where do you fail to endorse his description?
- 10 C. I don't think we know about, I think when they're going
- 11 to do something that they don't want to necessarily be blamed for
- 12 it they call it Islamic Jihad.
- 13 W.
  14
  15
  16 C.
- W. Is just trying to throw some smoke in your
- 18 eyes at this point?
- 20
  21
  22
  21
  W. And is trying to make the point in North's
- 24 notes that because these are different organizations and Islamic
- 25 Jihad is really holding the hostages Iran is not going to have
- 26 that much influence. But you don't accept their influence being

173

- 1 or waning on that particular point.
- 2 C. I think that what he was trying to do is give an
- 3 explanation as to why they can't get anymore hostages released.
- 4 And he was less than truthful.
- 5 W. Just for the record I'm going to identify the
- 6 memorandum I was referring to from the CIA as actually a National
- 7 Intelligence Council memorandum signed by Graham Fuller and, the
- 8 particular point that I was referring to was that until February
- 9 1985 some of the hostages including several Americans were held

# The islamic Jimed organization and the

- revolutionary justice organization have claimed responsibility
- 13 for most of the abductions most names are used as covers by
- 14 Highwillah. Do you agree with that?
- 15 C. Yeah, I think so, I think that's pretty accurate.
- 16 W. Now moving on to the last topic. In December of 1986
- 17 you met with for the last time.
- 18 C. That is correct.
- 19 W. That is a meeting that was arranged by Albert Hakim.
- 20 C. Yeah, we had to go thry him to get to
- 21 W. Did you try earlier to set up the meeting through
- 22
- 23 C. We did, we called, I called him and what
- 24 was that he would be in contact with Albert.
- 25 W. So ultimately it was Hakim who set up the meeting.
- 26 C. Yes he set up the meeting.

174

- W. Before the meeting began you ran into Hakim in the
- 2 hotel lobby and he informed you that he wasn't going to show up
- 3 unless his lawyer would show up as well, is that correct?
- 4 C. Well at first he said ask Dunbar if he wants me to
- 5 attend. I think I called Charlie and he said well I don't care
- 6 and so I got back to him and he said if I'm going to attend I
- 7 want my lawyer there. So I called Charlie back and he says well
- 8 no lawyer. So Albert didn't attend any of the meetings.
- 9 W. The, uh, Dunbar wrote reports on these meetings that he
- 10 sent back to Washington that were then submitted to Secretary
- 11 Shultz by Arnie Rafael. You know Arnie Rafael don't you?
- 12 C. Yes, very well.
- 13 W. Did you know Charlie Dunbar before this meeting you had
- 14 in December?
- 15 C. No.
- 16 W. Before the meeting actually occurred there were ground
- 17 rules set forth for the negotiations which severely circumscribed
- 18 the ambit of the channel and Charles Allen wrote a memorandum in
- 19 fact...
- 20 C. Charles Allen and I wrote a memeo.
- 21 W. I thought that might be the case, that Charles Allen
- 22 wanted to make Director Casey aware of the extremely limited
- 23 character of the negotiating points.
- 24 C. We got the terms of reference on the morning I was
- 25 scheduled to leave to go to Frankfurt, Charlie and I. I took
- 26 one look at them and told Charlie that if, my understanding from

175

- 1 the MSPG meeting on the 24th November is the President wanted
- 2 this to, this channel to be kept open and if these terms of
- 3 reference Amir followed it was just going to click everything
- 4 off. So what we did was we called, we saw Casey and Casey said
- 5 okay write me a memo on it and I will call Don Regan and I had to
- 6 leave. Now when, to go to Frankfurt. But the next morning,
- 7 Charlie and I were going, were translatting the terms of
- 8 reference into Fargi when he got called and I called and I got
- 9 the change in instructions in my channel and he got the same
- 10 thing in his. And then we use those. Now as it turns out
- 11 nothing came of it but they were, it was an indication to the
- 12 United States, at least we left them that we were willing to keep
- 13 open the channel for discussions.
- 14 W. So the limited instructions were not conveyed to
- is that correct?
- 16 C. No the revised ones were conveyed to him.
- W. And your understanding, let me say your knowledge I
- 18 gather it would be is that Charlie Dunbar received this expanded
- 19 instruction from his people as you received it from yours; is that
- 20 correct?
- 21 C. This was based on an instructed by Dr. Keel that the
- 22 State Department send, that identical instructions be sent out in
- 23 State channels and CIA channels.
- 24 W. That is Alton Keel?
- 25 C. That is correct. Also the instructions were not as
- 26 Secretary Shultz testified to.

176

- W. Now if you'll take a moment and distinguish where you
- 2 and the Secretary part company on the ambit of the instructions.
- 3 C. In his testimony Secretary Shultz said that Casey had
- 4 gone behind his back to get the instruction changed so that arms
- 5 shipments can be continued. The paragraph in the instructions
- 6 regarding the arms shipments were not changed, they were
- 7 identical, there will be no additional arms shipments until there
- 8 is peace and normal relations between Iran and the United States.
- 9 W. Do you have any idea where the Secretary got the
- 10 misconception that he testified to?
- 11 C. No, he must have been either poorly advised or that's
- 12 all I can come up with. Because I even have copies of things I
- 13 was so upset when he made the statement, the original
- 14 instructions as are here and this is the paragraph on the arms
- 15 and the revised paragraph on the arms is here and it's virtually
- 16 the same.
- 17 W. Let me just take a moment and make a copy of that it
- 18 should be marked for the record. First Mr. Cave, you had pulled
- 19 out of your pocket 3 documents I just want to identify them for
- 20 the record. The first I've marked as 19-A this is a terms of
- 21 reference memo from Charles Allen to the Director of CIA I
- 22 believe that is the memorandum that you had early testified you
- 23 and Charles Allen worked on to change the terms of reference. Is
- 24 that correct?
- 25 C. This is a memo that we wrote regarding the terms of
- 26 reference that we received the morning of the same day, 12

177

- 1 December, which was sent over by the State Department which as far
- 2 as we could tell went against the President's explicit
- 3 instructions on keeping the channel, trying to keep the channel
- 4 open.
- 5 W. The first thing I'm referring to, 19-A, is the cover
- 6 memo you and Charlie Allen did, is that correct?
- 7 C. That's correct.
- 8 W. Now would identify 20-A for the record for me?
- 9 C. These are the terms of reference for the Cave-Dunbar
- 10 discussions with which were sent over by the State
- 11 Department on the morning of 12 December.
- 12 W. And the paragraph that you had brought to my attention
- 13 earlier is the one you placed the brackets around? Is that
- 14 correct?
- 15 C. That's correct.
- 16 W. And you had compared before I went off and copied these
- 17 the bracketed paragraph in 20-A to the bracketed paragraph in 21-
- 18 A, first before you compare the two again, 21-A is the cable that
- 19 you received while you were abroad, is that correct?
- 20 C. Yes that is correct, note the time is the 13th of
- 21 December that is when I received that
- 22 W. And those were your negotiating instructions as
- 23 amended.
- 24 C. Those were the change in instructions.
- 25 W. And now for the record if you would compare the two
- 26 bracketed paragraphs.

178

1 The original on exhibit 20-A, the original 2 instructions on arms sales are as follows and I quote "while the 3 Reagan administration sees the utility of having a means of conducting a dialogue with your government there will be no 5 further transfers of American military equipment to your 6 government while Iran refuses to negotiate and end the Iran/Iraq war and while Iran continues to support terrorism." In exhibit 8 21-A which is the cable I received the changed 9 instructions, the paragraph regarding arms supplies reads as 10 follows "the United States sees the utility of having means of conducting a dialogue with you government; however, there will be 11 12 no further transfer of American military equipment to your government while Iran refuses to negotiate an end to the Iran/Iraq war and while Iran continues to support terrorism and 14 15 subversion." W. And I gather that Charles Dunbar received identical 16 instructions through his secure communication channels, is that correct? 18 C. That's correct. They came into the ConGen in 19 20 Frankfurt. W. Before the meeting with I noted that he's 21 22 referred and you've been referring to him sometimes as What's the difference? 23 He was mistakenly at one point introduced as 24 25 What's his real name?

179

#### UNCLASSIFIED 1 you know the story. Before this So if you know 2 meeting occurred had you acquainted Dunbar and the State Department what you understood the nine point plan to be? No we had told the Department that we were prepared to brief Dunbar anytime but we were never asked to. So when the meeting got underway and brought up the nine point plan would that have been a surprise to Dunbar do you think? I did, he came over and I had lunch with him but we 10 c. didn't get into:a great lot of detail about what had transpired. 11 12 I didn't have that much time actually. Once I found out that he didn't know about alot of things and didn't have much of a brief I did my best to brief him on what had fully transpired. 15 There is in Dunbar's notes he recounts advising of the new position with respect to arms and he notes 16 s reaction was well that just brings us back to that zero. Do you recall that exchange? 18 Yes I do, because what said well you know, 19 insisted that you told us that the President had agreed to the 20 nine point plan are you going to go through with it or not? And that's when came up the hassle when the President said he never 23 heard of the nine point plan, so...

UNCLASSIFIED

I'm going to finish one point on that and then ask you

another question and then I'll let you go. First one of our associate counsel and interviewed Dunbar and he said that one of

24

26

- 1 the things that interested him about that he was quite
- 2 unemotional about his response about the bad news that there were
- 3 going to be no more arms until there was a real dramatic change
- 4 in Iran's policies. Would you share that observation. Was he
- 5 quiet and unemotional when he declared when we were back to zero?
- 6 C. He's pretty, considering for an Iranian, he's fairly
- 7 unemotional but I think that the only part where his emotion
- 8 showed was when he asked about the nine point program. Are you
- 9 going to abide by the nine point program which we agreed to or
- 10 not? That's the only time I would say that he was really
- 11 emotional.
- 12 W. His response, I think Dunbar's notes reflect that
- 13 told him you ought to go back to Washington to get
- 14 briefed on this you obviously don't understand where we are.
- 15 that comport with your recollection?
- 16 C. Oh possibly words to that effect. Pretty obvious that
- 17 poor Charlie, he had been given no brief whatsoever by the
- 18 Department as far as I could tell, in fact that's what he said to
- 19 me he told me he had a very narrow brief for this meeting.
- 20 W. And you had been unable to brief him, your invitation
- 21 to brief him hadn't been taken up.
- 22 C. The only time I saw him before we left I said come on
- 23 over and have lunch and I talked a little bit in general terms.
- 24 W. There was I think a famous mini-flap that occurred
- 25 about this time and you were supposed to have overstayed and
- 26 spoken to course outside the company of the State Department

- 1 rep, what's the story on that?
- 2 C. What happened was, after the meeting, which took place
- 3 in the afternoon. Charlie and I went out to dinner and he was
- 4 going to rush back the next morning which was Sunday and I said
- 5 okay but I'm going to stay over and I will come back Monday
- 6 morning because I'll go down Sunday and see my grandchildren.
- 7 And then I spent the rest of that afternoon and that evening
- 8 trying, sort of briefing him trying to bring him up to snuff as
- 9 much as I could and he left. Now when I got back to the hotel
- 10 late Sunday night at 11:00 pm was sitting down in the
- 11 lobby, he must have been there for about 5 hours, and he said, he
- 12 gave me the phone number, he said call our friend, he's received
- 13 instructions from Tehran. So I called him, cause he knew he
- 14 wasn't supposed to see me, so he said, I've just, I've already
- 15 received an answer from Tehran and I'd like to see Ambassador
- 16 Dunbar as soon as possible and I said well gee he's already left,
- 17 he left this morning. And he said well I've just got this brief
- 18 message to pass on could I bring it over to you first thing
- 19 tomorrow morning. And I said well okay, he said it's important.
- 20 So he came over to the, he was only there about 15 minutes, he
- 21 read it off and I wrote it down and I immediately
- 22 sent it exactly as he said it to me and told them to
- 23 deliver it to the State Department. And that's the last I saw of
- 24
- 25 W. It wasn't the last you heard of that encounter I gather.
- 26 C. I suppose you're not supposed to use initiative.

- W. Far be it from me to counsel you at this point Mr.
- 2 Cave.
- 3 W. One more question on the nine point plan, I think North
- 4 and Poindeter both testified that the nine point plan in some
- 5 version perhaps in the prof note version that we earlier
- 6 identified as the October 10 prof note was brought to President
- 7 Reagan's attention and President Reagan approved it. Did anyone
- 8 tell you contemporaneously and this would october 1986 or
- 9 thereafter that the plan had been brought to President Reagan's
- 10 attention and that he had approved it?
- 11 C. Yes, Col. North told me.
- 12 W. Do you recall when?
- 13 C. After I got back from Frankfurt, cause I called, I
- 14 called Ollie right after I got back and I recall specifically I
- 15 don't know if it was in a meeting or whether it was on the phone
- 16 but he told me that the President had approved it.
- 17 W. And did he tell whether he had sought the approval or
- 18 Poindexter had gotten the approval or how it had been given?
- 19 C. He didn't say how it had been given, he just said that
- 20 he had seen the nine point plan and he had approved it.
- 21 W. I have to ask you Mr. Cave, this nine point plan that
- 22 he says the President approved, is that what was presented in the
- 23 prof note of October 10?
- 24 C. What's represented in the prof note to the best of my
- 25 knowledge, yes.
- 26 W. Which in the prof note has seven points in it, but that

183

- would be referred to as the nine point plan?
- 2 C. That's correct.
- 3 W. Let me thank you for letting me put you in one more
- 4 long day since I'm going back to Maine which means you've
- 5 probably seen the last of me which means you've probably seen the
- 6 last of a long day like this in front of our committees. Thank
- 7 you again. Thank you Mr. Pearline, thank you Mr. Moffett as well.

NO Feet.

#### UNCLASSIFIED '

Partially Declassified/Released on 11 FEBEE under provisions of £ 0 12356 by K. Johnson, National Security Council

- 7. FECRET SENSITIVE

This is an expense of the U.S. mission to Tehran from Nay 25 through May 28, togethe with some comments and observations. The U.S. team was headed by mcfalled with Goode, Mcgrath, Miller and O'neil making up the rest of the lam. A communicator also accompanied the team on the trip into Tehran trived in Tehran at 0830 hours on 25 May and was left to cool its collective heels for about two hours. During this period the Iranian hit force put on a show in which one by one a squadron of F-4's took off from Mehrabad birport. The planes carried no ordanance and according to the Mehrabad base commander they were flying training missions. According to Gorba, the Iranians recently recieved a shipment of F-4 spare parts and the flights were training flights to shipment of P-4 spare parts and the flights were training flights to bring some of their pilots up to snuff. The first Iranian official to show up who was connected with this operation was already known to the air crew. The base Commander also put in an appearance and made pleasant conversation. He was also their at our departure. It is unclear how much he was cut in on he operation. Gorba showed up about half an hour after our arrival. He said that we had arrived an hour early and this was the reason there was no one at the airport to recieve us. We were later told that the recieving party had gone to the miliary side of the base expecting us to park our plane there. Gorba told us that for security reasons we were being given the entire top floor of the Hiton Hotel, now renamed the Isticlal (independence). A finally arrived an talk we departed for the noter. While still at the finally arrived and after some small While still at the airport, Gorba informed us that everything was going well and the Iranians had already

dispatched a representative to secure the release of the hostages. While on the plane Mcfarland, Goode and O'neil rehearsed a discussion of the briefs which we would run through in the hotel for the benefit of Iranian coverage of the American delegation. In short the play acting was designed to give the brief good sourcing. We expressed our concern out loud that the Iranians would not believe the Soviet invasion plan. We worried hat we could not indicate the real source of the information due to said source's sensitivity. The sensitive source, dubbed "Vladimir" by Goode was described as a Major General who had taken part in two of the war games on the invasion of Iran. O'neil subsequently a brief glance at the briefing book to whet his appetite and give them something to which they could tie their audio coverage. None

of the three briefs were given. The first substantive meeting took place late in the afternoon of 26.

The Iranian side consisted of a named May. The Iranian side consisted of Gorba described as being in their intelligence service. This initial meeting was hostile with the Tranians listing past sins of the United States etc. The meeting ended with what appeared to be little chance of any progress. Basically the American side insisted on adherence to the

agreement as we understood it, and the Iranians in sisting that America must do more to atone for its sins. At the end on the Meeting set the tone by saying that even if no progress is made during the discussions, we were their guests and Iranians honored quests.

The first crisis occurred later in the evening when the Iranians UNCLASSIF'ED

CTTN #164

insisted on removing the one crew member who was staying on the plane. They insisted that we had agreed to this at the earlier meeting.

Mcfarland's response to this was that we pack up and leave. O'neil consulted with a young man who stayed in the hotel with us during the write. We had been introduced to us as the one person to contact to polve any problems which might come up. We was very upset that if consulted about the plane and referred to it as a breach couity on our part. He insisted that their primary concern was our fourity and this was adduced as the reason we were to stay couped up the 15th floor of the hotel. We succeeded in getting a crew member back on the plane the following day. It was clear that the Iranians in wanted to earch the plane. The search seemed to satisfy them and we had no subsequent problems on this issue. We was also very upset that we had our own communications (this was reason we gave for having a man on the plane at all times). He argued that Iranian intelligence would pick up the signals and this could jeopardize the security of whole opeation. He said that they would put what ever we wished at our disposal including a dedicated telex. We insisted on our own commo and he gradually backed off. The hostile attitude of the Iranians on the first day left us a little uneasy.

On Monday we were left to our own devices throughout most of the day.

On Monday we were left to our own devices throughout most of the day. We finally had another meeting late in the afternoon. At this meeting, another Iranian was introduced as

At this meeting, McFarland outlined the reasons we were in Tehran. We wished to lay the groundwork for a new political and strategic relationship between our two countries. We considered the arms supplies as an example of our good faith and we insisted on the release of the hostages as an example of their good faith. the appropriate noises and said that Iran was prepared to have normal relations with every country relations with every country, except two, Israel ans South Africa. McFarland outlined our concerans about soviet designs on Iran and told the Iranians that we would provide them with a briefing which would detail our reasons for concern. He also spoke of Sadam Hussayn's December visit to Moscow in which the Soviets promised Sadam that they would do everything to prevent Iraq from Losing the war. ried some of the usual Iranian bravado by claiming that if the soviets attacked, the Iranian soldiers would do well against them because of their devotion to shoheda. This was followed by a load of shit on shoheda. On the Iranian side concentrated on the Hostage issue and on the arms transactions. and on the arms transactions. said that they had already heard from their man in Lebanon who said that the dup holding the hostages had insisted on several conditions as following in the withdrawal from the Golan heights (2) Israeli withdraw outhern imprisoned Shi'ites in Kuwait, and (5) re-imbursement for the expenses of holding the hostages. pay these expenses. Declaration argued that we were not upholding our part of the deal because we had promised to bring half the parts with us (no such promise wa made). He did not repeat his sunday claim that the parts we brought were used. He insisted tht we bring the rest of the parts before the release of the hostages. We stuck to the terms of the agreement. When things seemed to come unstuck, McFarland got up and said that we would leave if they couldn't uphold their end of the

UNCLASS!F!ED

bargin. This upset who said that McFarland was very firm and Stern(tond-ro) and they as Iranians liked to negotiate in a more gentle(narm) atmosphere. What was encouraging about monday's meetings was that the Iranians were for more friendly than on Sunday.

was that the Iranians were far more friendly than on Sunday.

By this the Iranians were far more friendly than on Sunday.

By this the little class that McFarland was not going to meet any of the principal that the class the continue negotiations with the American staff and it back to make meeting of agreement was reached.

Make the back to make the problems our presence in Tehran caused them. Heritated that a senior official could not afford the political risk of thing with McFarland. He pointed out that it was Bazergan's meeting that prezhins that brought down the Bazergan government. Based on the could be compared to the could have to give his blessing better the problem in our discussions with the Bazergan government. Gorba also let drop that the senior personages that he had supposedly arranged for us to meet

Tuesday was a day of marathon negotiations with the Iranians stalling for time and trying to get the most out of the American delegation. The American delegation stuck by the terms of the original agreement and insisted that after the terms of the Frankfurt agreement were met, we would meet and discuss in detail their needs and the outline of our two countries' future relations. The American delegation proposed a specific timing for a subsequent meeting. During the late afternoon it was agreed that the American team would draw up an agreement which would be discussed later in the evening. To save time O'neil begar working on a translation which was later completed by he and Gorba.

During tuesday's negotiations, all the demands of the hostages holders evaporated except for the demand for the release of the Shi'ite prisoners in Kuwait. Goode handled this part of the negotiations by firmly stating that the United States would not interfere in the internal affairs of Kuwait, particularly in an instance where Kuwaiti due legal pocess had been carried out. We would however seek to better the condition of Shia prisoners through the good offices of international organizations such as the Red Cross and the Red Crescent. Goode warned that as far as the well being of the Shi'ite prisoners in Kuwait is concerned, there had better not be any more terrorist activity directed at the Royal family in Kuwait.

The draft agreement was the subject of intense negotiations with the Iranians making some counter proposals which were designed to gain them more time. Talks broke off around midnight with the Iranian delegation saying it wanted to caucus. For the next two hours, discussions were held within the Iranian delegation. It is not the other would be responsible if nothing comes are both said that the other would be responsible if nothing comes are presented in the content of the saked to see McFarland. He wanted assurances that rould taliver the remaining spare parts two hours after the hostages free released, and would stay after the arrival of the spare parts the last additional Iranian needs. He also asked for more time to get the last additional Iranian needs. McFarland gaves until 0630 wednesds morning to arrange for the release of the hostages. The American delegation retired to grab a couple of hours sleep knowing that we had at least out-frazzled

UNCLASSIFIED

Milal and

The first Iranian to put in an appearance Wednesday morning was who looked totally dejected and refused to make any comment other than salam. The fact that Gorba did not show up also was a clear indication the thin had not gone too well. The put in an appearance the salam between working hard on the release, but would need more it. He was well asked if we would accept two being released immediate that two mainters the delivery. He was told that we would leave form airport after finishing breakfast. We also heard from the aircrew to the plane was being refueled. This had been worrisome for the Irania to had stalled on refueling the plane. We also recieved a message for ashingt no many there was

organization delegation departed the hotel at about accompanied the delegation to the Airport.

At planeside, asked to speak with McFarland. He asked for more time saying that arranging for the release was a very delicate and time consuming effort. McFarland told him that the plane with the spare parts was in the air, but if no word on the release of the hostages was heard by 0930, the plane would turn around and return to its base. O'neil was the last of the delegation to board the plane before take-off and he and had one last exchange. The plane before take-off and he and had one last exchange. The plane before take-off and he and had one last exchange. The plane before take-off and he and had one last exchange. The plane before take-off and he and had one last exchange. The plane before take-off and he and had one last exchange admitted that the hostages were not under their control. O'ne old him to get them under Iranian control. Said that they seek to do this and that he would send Gorba to Europe to main in contact with us. Our aircraft departed at 0900.

The above account is O'neil's offline recollection of what transpired and may differ somewhat from what others recall, but it is needed for O'neil's comments and recomendation to make sense.

COMMENTS:

1. If Gorba does appear, we must press him for positive identification of the people with whom we talked. Since actually forget his alias during the course of one evening's discussions, we can assume that the others were using aliases, particularly since we have no traces on may not be a true name. He is

alias it may explain why

have not been able to identify

2. It is quite possible that the Iranian side egotiating under the impression that we were only interested in for the This would explain why they tried so hard us to do more in exchange for the hostages, i.e., the 20 hawk s and the 18 additional hipar radars. It was therefore a goo leave a translation of the draft agreeement with them as if them e are something to chew on. McFarland issued a stern wa getting fed up with overatures from them that don le are interested in a long term political and strategic and if Iran does not pick up on this opportunity it may is another one.

3. Ramadan was certainly a factor in how the negotiations went.

UNCLASSIFIED

Cual 1164

ilee the problem caused by not being able to see anyone in a postion of power. The people we were negotiating with were a breath could curl rhino hide was no selp either. On the positive side was the change in the attitude of the Iranian delegation. By tuesday they were begging us to stay.

4. We have the problem of a dishonest interlocutor. The

Iranian side it is the problem of a dishonest interlocutor. The problem of a dishonest interlocutor. The problem of the upset with Gorba. On tuesday, the color of the problems in our negotiations was the fact that for to over leting, Gorba gave each side a different picture of the accuracy of the deal. O'neil made the point to that the letters is recieved were from Gorba, not the U.S. government. We will have to be heavily on Gorba in the future.

out of the sal, the resumably will work hard to bring it off. Gorba has very in the second of the second of the second of the hostage of address is whether the Iranians can gain control of the hostage. The Iranians side may be most willing, but unable to gain control.

#### RECOMENDATION

Through hindsight it would have been better for Goode and O'neil to have gone in first to handle the initial negotiations. We should not have subjected a senior U.S. office to the indignities he was forced to endure. We have made the point to the indignities he was forced to endure. We have made the point to the indignities he was forced to endure. We have made the point to be indignities he was forced to endure. We have made the indignities he was forced to endure the indignities he was forced to endure. We have made the point to the indignities he was forced to endure. We have made the point to the indignities he was forced to endure. We have made the point to the indignities he was forced to endure the indignities

TOP SECRET SENSITIVE

UNCLASSIFIED



CIIN 0164

1 Page CIIN 165

DENIED IN

(5119)

MEETING WITH

ETULY 10, 1986

# UNCLASSIFIED

1. Dinitially described his sources. He stated that he reads all Irahian newspapers that he can get his hands on and also listens to radio broadents. He also talks to exiles, sees a lot of Iranians who travel be forth to Iran, maintains appradic contact with former colleagues remain in Iran, but perhaps His most important source of information are the representatives of important Iranians who travel abroad on business. The most important of these is the man who handles

can not return to Iran.

- 2. Like all Iranians, groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. Said that there are two other groups worth mentioning, Bazergan's people and another group (ask about this one). Says that Montazari is dominated by Rafsenjani and once khomeini dies will be Rafsenjani's point man. Said tat Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.
- 3. Sam and Abe told that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. Isaid that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line pople. Isaid that the current problem is that Khomieni would oppose and such action as long as he lives. Groundwork can be done and proposed that the man to establish contact with is Rafgsenjani.

contact though

Said that he can explore establishing this

His conact with is through the suggested that

at some time we consider sending in a non-American to do some contacting after ground work has been done.

Partially Declassificat/Released to 111-68-68
under provisions of 6-0, 100-6
by K. Johnson: National Security Council

**UNCLASSIFIED** 



CITN #169

MEETING WITH

ANDS ALBERT BAKIN ON 11 JULY 1986

i.This stating uncovered some interesting access. Les first asked

while that he had cleaned up his report a copy of which he
passed to sam. He said that if we had further quantions he had the
ability to get the answers. Sam said he would take a look at the
report and get back to him.

2. Is it that their were two channels into Hasemi Raisenjani, proposed to discuss with us the best of these two channels.

3. Bakim spent a lot of time explaining to that he wanted to get some legitimate business with Iran for lover purpose. He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benifit out of it. The suggested oil sales to the US which he was in a position to arrange for fob \$8.20 a barrel. Sam suggested rice sinca the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil wa embargoed. During the course of the meeting, as aid quite frankly that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he planned to pursue these matters with the no matter what we decided. He has also set up a private polygraph for the on Monday.

Partially Declassified/Released on 11 FEB ES under provisions or E 0 12356 by K. Johnson, National Sentinty Scundil

CIIN # 170



6 ho 640: FET (6H)

L. BO WAS VERY RELAXED AND SAID THAT EVERYTHING WAS ARRANGED. HE SAID THA

HE HIGHT GO TO TEHRAN INHEDIATELY AFTER OUR DISCUSSIONS TO Y BAKE SURE

EVERYTHING STATS ON TRACK.

2 . MEANTEDA TO KNOW WHO WOULD BE GOING TO TENRAN. TOLD MIN MACFARLAND, SEED 6005 AND O'NEIL. PLUS A COMMO SPECIALIST. HE THOUGHT THAT WOULD BE FIME.

3. WE TOLD HIM THAT WE DID NOT MANT TO GO INTO DETAILS AS THIS WAS GOOD'S SHOW AND ME WOULD EXPLAIN EVERYTHING THIS AFERTHOON. WE DID SAY THAT GOOD MAD DRAWN UP A SCHOBULE THAT WE W HOPED WOULD BE ACCEPTABLE TO THE OTHER SIDE. WE EMPHASIZED TO HIM THAT IIF THIS THING IS TO WORK HE MUST PLAY A KEY WHICH WE WILL EXPLAIN TO HIM IN GREAT DETAIL THIS AFTERNOON. HE SEEMED PLEASED WITH ALL THIS. HE WAS GOING TO CALL TEHRAN IMMEDIATLY AFTER WE LEFT TO EXPLAIN THAT WE WERE LINING UP ALL THE DUCKS.

TSRAEL IN OUR MEETINGS AS THIS COULD QUEER THINGS. HE SAID HAYDE WE COULD MENTION ON LEAVING THAT THEY COULD RELY ON THIS CASE. (WONDER HOW MUCH THIS IS GOING TO COST THE ISRAELIS).

S. HE ALSO SADI THAT MMILE IN TERRAN HE HAD TALKED TO THE CONSERVATIVE LEADERS LINE NO. 3. -

CN. FARAZI ACCORDING TO OUR RECORDS). SAID THAT WE HAD ARGUED WITH THEN THAT THIS WAS & GREAT OPPORTUNITY. THEY ARE GOING TO GET INTO POWER AFTER KHONIENI GOES, SO LET SOPEONE LISE MAKE THE OPENING TO THE AMERICANS.

L. ALSO BRIEFED CERTAIN HILITARY LEADERS ON THIS PROJECT TO GET THEIR SUPPROT. MEEDLESS TO SAY THEY WERE ENTHUSIASTIC.

7. ASKED POLLOWING, GIVIEN A SUCCESSFULL REFING. WHO WILL HANDLE THE FOLLOW UP ON THE TRANSAN SIDES THIS CAUGHT HIM BY SUPPRISE AND HE SAID THT HE THOUGHT IT WOULD HAVE TO INVOLVE BOTH RAPSEMBANT FROM LINE THREE AND SOME PEOPLE FROM LINE ONE. HE SAID GIVEN THIS ME THOUGHT IT ESSENTIAL THAT THE GROUP ALSO MEET WITH PEOPLE FROM LINE ONE WHICH HE COULD ARRANGE. AS AN ASIDEME SAID THAT MUSAVI IS BIG PROBLEM IN THAT HE REALLY DOESN'T LLIKE YOU GUYS.

Partially Declarefree/Beleased on 11FEBE 8
under provisions of E.O. 12356
by K. Johnson, National Security Council

5123

REVIEWED FOR RELEASE

CIIN #0251

| ۱۳.   | "WE TOLIGHTH THAT WE WANTED TO STRAIGHTEN OUT THE DIFFICULTLY OVER   |
|-------|--|
| THE   | PERECT PHONE CALLS TO TOLD HEN THAT THE CALL WAS   |
| ZNI   | TICATED BY TOUR OND IN OUR REPLY WE TOLD THAT  |
| WÈ    | CONSIDER THE DEAL TO BE AS ENUNCIATED IN FRANKFURT.  |
| PRO   | BLEM SOLVED AS IT WAS HE WHO TOLD  |
|       | CK ON HIM AND HIS HONESTY VIA ANOTHER CHANNEL. THUS ENDED THIS   |
|       | VERSATION.   |
|       | THERE WAS SOMETHING IN HIS CONVERSTION WHICH LED US TO BELIEVE HE  |
|       | CCATED TWO TRIPS TO TEHRAN.  |
|       |  |
|       | WE HAD TO LISTEN TO AT LEAST & HALF AN HOUR OF TALK ON HOW CAREFUL   |
|       | MUST BE IN DEALING WITH THESE GUYS AND HOW WE NEEDED SUCH A PERSON A   |
| -     | TO GUIDE THE WAY HE KNEW HOW TO HANDLE THEM.   |
| 12.   | HE ALSO PROPOSES THAT HE USE PROPITS FROM THESE DEALS TH AND OTHER   |
| TO    | SFUND WE COULD DO THE SAME WE  |
| NIC   | ARAUGRA.   |
| .::   | inter- of the control |
|       | The same of the sa |
| : _ · | and the second s |
| •     | And the second s |
|       | 1. The second of |
|       | and the state of t |
|       |  |
| = -   | UNCLASSIFIED   |
| -'`   | I I I I I I I I I I I I I I I I I I I  |
|       | CIVOLITIES   |
|       |  |

CIN # 0251 page 20/2

1 3 AUG 1984

MEMORANDUM FOR: CAME

FROM:

Artist Crist

SUBJECT:

Fabricator Notice on Manuchehr GORBANIFAR



This notice has been disseminated to the Department of State,
 the Defense Intelligence Agency, the Federal Bureau of Investigation and
 the U.S. Secret Service.

2. Will have it classified to File (Paper Hills and Pabricators) and coded to the Subject's file.



Attachment as Stated

Partially Declassified Pedeased on 4 12366
by B. Reger, Havional Security Consult

by B. Reger, Havional Security

1390

REVIEWED FOR RELEASE Data 14 JAN 1987

CUN. 0511

#### MORINE WITH & BOTT NGLASSIFIED

NO Date REVIEWED FOR RELEASE Date 14 JAN 1987

J. One of key issues that came up which Gorbs alleges made an understanding difficult was his missing reports to us. He said that he had turned ever to be be seen it report which listed all the the iranian demands and what they were prepared to do. he wrote the iranian demands and what they were prepared to do. he wrote the iranian demands and what they were prepared to do. he wrote the iranian demands and what they were prepared to do. he wrote the iranian demands and what they were prepared to do. he wrote the iranian demands and what they were prepared to do. he wrote the iranian demands and in a long to be seen that he got was the parts list, gorba said what he wrote the reports on the plane from seen them to us. There seems to be only two conclusions either the war reports don't exist. In whith case maybe adam and gorba are playing and ceided that the demands were too grest and seter reading them, adam decided that the demands were too grest and se would not agree to them; therefore he shortstopped the reports.

2. One of Gorba's most interesting offers was to offer us british passports for the trip, each one would cost 10,000 pounds, the pass would be genuine and the price includes a genuine drivers license and the passports

a bank account.

3. there was the problem of the problem. Gorbs said that they can not manchana recieve us in hish, the ham problem is that the desalinization plant has borken down, the buildings have not been used since the revolution. Also, no planes have landed on the strip in two years. then in tehran

greed to consider possiblity of tehree, but wanted them to re-examine kish and bandar -abbas, we said that plane must be with us for commo, gorba said that would be no problem.

problably want to arrive in bandar abbas. for some reason, gorba insists that adam told him that we would be using passports we told him that this gave us some heartburn, but not to worry, we would take care of the documentation if even if it meant being which for some reason, gorba e using passports. migerians, gorba said that he will need some details on the plane, tail number registration etc. we told him it would be 707 and not trace ble to thexax to us. we will devise way of getting him the tail Bumber.

4. we discussed the schedule in some detail. we proposed arriving about 7-8 days after the money is deposited. this would give us time to have the planed load of Spares positioned in europe, we then haggled for hours about what was included and what would be megotiated in tehran.
we stuck to our position that once the release takes place we would
order plane to launch and it should arrive in bandar abbas with 1.
hours. It would then turn around and bring in the release the spares.
We are tentavilye committed to dleiver the 3,000 well-the bout
10 days later, gorba pressed for new additions, the new bat wries
we said were no longer in inventoory, the radar a would disease
in there as they would have to be shipped by ship anyway, gorba kept'
insisting that we bring some of appears with us and we kept insisting insisting that we bring some of spares with us and we kept insisting that we wouldn't although a small sample is an option.

5. they agenda for the discussion with the other side in tehran will include syris, afghanistan and the soviet union. we will give him

in discussing the wholl transaction we invisted that he had to play the key rule in making it all work. after long happing, he agreed to present actions to hereas, it might be a good idea to task all the sparre parts for more unit with us, and present this as a present, we could gorbe the set with them about the evaluable lity of functioning test and the squipment and the technical shill telus. The

- the best indication that we might be getting annewhere is that towards the end, gorba began discussing his cut. goods talk his that he could add on whatever he thinks light for his cut to the final price. he said that he had spent 100,000 dollars already to grease the slids etc. he also discussed his scheme to use the profits to support fihan rebels, etc. it would appear that he now feels that the seal is entering its final stages.
- 7. gorba stated that there is considerable pressure on the iranians to do something because the time frame within which they can deliver out friends, they feel that fighting is going to break out between the hizbullah and the syrian army at any time, groba insists that Iranian syrian relations are very bad at the moment and will definitely get wors he claims that iran has stopped delivering oil to syria, believe he aid that deliveries stopped about 34 days ago.
- 8. gorba claims that the iranian side is devoting considerable time to this, the whole thing in being masterminded by rafsenjani behin the scenes, if the transaction good the plan is to have khomieni issue o fatwa against the taking of mostages, they also have a large num of people they wish us to brief.

primeminister who may be our primary senior contact. he said that he an line whe represents do not like or trust us and we must be aware of this at all times. he thought there was chance that rafsenjani would at some point put in an appearance, as he will be following everything closhe on his own part will want us to meet with reps from the conservative line, particularly farisi.

9. it is still appraent that they have not given much thought to how a continuing relationship will be maintained, gorba tried to answer his but he was not able to cover up the basic truth that they hadn't gone that far yet.

UNCLASS: AED

NO Bute

O'meil calted the on 13 June at 1630 is the afternoon. O'meil opened and conversation by saying that we had heard from our friend that wanted to talk to lus. Said that this was not true, but "our friend" had been pressing him to go -through with the deal.

O'neil-it lied what we should do about the situation. The replied the waid not know why we didn't complete the deal when in dubai. O'meil -ntermited to state that he had a suggesteon. We should first meet in Europe to make knure there were no misunderstandings as happened before. Then our gorup would go to Dubai at an agreed upon date. Upon arival in Dubai the four boxes would be turned ever, then the rest of the spares would arrive and later depending on timeing the two ma Outies would arrive. We would stay until everything was delivered. Said that the meeting mask in Germany was not necces and that deal was unacceptable to them. He proposed that we arrive with the remaining 240 spares, then two -hostages would be truned over. We haggled abit O'meil insisting on our deal and he insisteing on his. O'neil suggested that meeting in Germany was neccessary and finally agreed that if really neccessary he would come. He parried the request that the head and the deal was neccessary and

on his. O'neil suggested that meeting in Germany was neccessary and finally agreed that if really neccessary he' would come. He partried the request that the state of the request that it was not neccessary for the chief to accompany group that comes. Since discussion was getting inviers O'neil suggested that insistence, and these for with his

Since discussion was getting the real suggested that Since discussion was getting the was in position to decide on insistance, and there for it best that O'niel confer with and O'neil will get back to him the or two days. At the end stated that it should not be the regive such importance to who does what first, once this deal is confided there are meany important issues that we must discuss. He again the sted on the need of the US to demonstrate good faith.

demonstrate good faith.

O'neil asked if the hostages now under their control because at one point said that he demon know if their delegation was still in lebanon hestitated to answer this one but said that they could get them. O'neil saidxth: "then they are in your hands, and said they were (note O'neil doubts this is true).

by K. Johnson, National Security Council
Partially Decises/fled/Released on
under provisions of E.O. 12356
by K. Johnson, National Security Council

Partially Declassified/Released on under provisions of E.O. 12376 under provisions of E.O. 12376 the K. Lohnson, National Security Council

Partially Declassified/Released on 10FES 88 under previousns of E.O. 12356 by K. Johnson: sigtional Security Council

B

UNCLASSIFFED



CIIN OSIS

#### UNCLASS!F!ED

Rafsenjani's coments on the Lebanon are pretty straightforward as

they pretty much square with the facts. The Iranian relationship with

they pretty much square with the facts. The Iranian relationship with the Anal is probally somewhat worse than he states and the realationship with the Historian not as good as he claims.

Rafsenia the managements (the initial ones) on relations with the west are most in resting. This is the first time I can recall that a Iranian offic ial as senior as Rafsenjani has commented on U.S. by saying that we mask cordial and friendly walking and are worther. saying that we seek cordial and friendly relations and are working

to establish better relations.

Rafsenjani's -rehash of american crimes later in the text is the standard bill of atomorem for the United States. In reality this is pretty standard Basaar bargining tactics. After rehashing "crimes", Rafsenjani states that Irani remains suspicious of the United States, But if it can be proved that they (US) no longer wanted to cause trouble, we can have relations with them.

It is almost as if he wants the bargining to begin.

With regard to the two factions, the political balance in Iran is probably more delicate that we had previously thought. Rafsenjani concedes that this is causing ktrouble, although he does not speciry in what areas. The factions that he refers to are the conservatieves and the radicals. The konservatives want the continuation of an Islamic republican government, but they want commerce to be by and large freee, not government controlled. They also advocate a more balanced foreign policy. The radical faction also propounds an islamic rebublican government, but is markist as regards the economy. They also advocate a foreign policy more closely alighed to the eastern block. There is a third line whose intellectual leader is Mahdavi-Kani and who have less influence in the government that either of the other two factions. They want to see the role of clerics in government diminished. THEY ALSO ADVOCATE A FREE economy and want Iran to lean to the west in its foreign policy. Despite their lack of direct influence in the government, they are numerically strong.

# UNCLASSIFIED

CIIN 0515 (page 2)

BECRET SENSITIVE

PHONE CALL WYSIGHT BOOK ENGUET 9, 1996 T

THAT WE MEET IN EUROPE ON TO PAY THE MERCHANT FOR PROPOSED TO 1. APTER GUST. E ALSO PRESED OR ABOUT 2 SOON AS POSSIBLE SO THAT PUNDS WILL BE AVAILABLE THE RECEN PMENT FRENT AS SOON AS POSSIBLE SO THAT PURDS WILL BE AVAILABLE STEP. SAID THAT HE WAS WILLING TO MEET IN EUROPE, BUT WANT TO GET ONE OF THE REMAINING ACCOUNTS RELEASED AS STELE? CLARES, GAID YES WE WANTED THIS TO HAPPEN SOONEST.

OF THE MANY SHIPMENT ARRIVES, HE WILL TAKE STEPS TO HAVE WILL TAKE STEPS TO HAVE WELL THE MEDIATELY. CLARKE THEN URGED TO MAKE THE THE MANY AS SOON AS POSSIBLE. SAKED THAT THE INVENTORY DIDN'T CLAM SOON AS PO SERLE? CLA SAID THAT COLE THE HE ACCOUNT T OF THE LAST SHITTEN, SHOULD BE DONE BY 11 AUGUST. HE WILL BEND A TO THE MERCHANT IMMEDIATELY AFTER THE COMPLETION OF THE INVENTORY. BE WILL BEND A CHECK CLARKE ASKED IF HE WAS CERTAIN THEY NEEDED THE 39 MUMBER 24'S.

BECAUSE OUR HILITARY DOESN'T USE THAT MANY IN 10 YEARS. SAID THAT HE HAD CHECKED WITH THE "EXPERTS" AND THEY SIAD THAT THEY MUST HAVE THESE ITEMS.

WAS IN A VERY GOOD MOOD AND SEEMED PLEASED THAT WE HAVE SUCCESSFULLY COMPLETED PART OF THE DEAL. HE INV. CLARKE TO DINNER SAYING THAT HE HAD GUESTS IN HIS HOUSE FOR DINNER AND WOULD BE GLAD TO HAVE CLARKE.

Partially Deciassified/Released on 11 FEBEE
under provisions of E.O. 12356
by K. Johnson, National Security Council





CIIN 0519

1, 0'meil contected done by page por instructions at approximately 1443 hours on If June, The said that he had called O'meil but that D'meil had not been at the number given. O'meil said that there was no problem as he had been informed of the call and he called back at soon as possible. It was just a question of D'mail not having been in the affice.

Although there as a lot of talk one thing emerged and that is that the control of the conversation was second with the control of the conversation was second with the snormous afficulties that dealing with us are remained that there are many people that oppose dealing with us. When o'neil asked if this was cousing his group political difficulties he confirmed that this was the tast. His problem is that they must appear to the fact and a control of the confirmed that the same that the provious release of the confirmed in the control of the confirmed that the provious release of the confirmed in the control of the confirmed that the provious release of the confirmed that the control of the confirmed that important, and there is to return the other materials.

3. O'neil stated that we were very much interested in the deal and a long term relationship between the two companies, but the chief of our company was insisting on the release of our ambargoed 4,000,000 dollars before we delivered the remainder of 240 spares and then the two later boxes. What was interesting at this point is that the companies did not say there could be no deal on this basis. He said that some fromula must be worked out whereby we can deliver what we promised at much the same time as they will be the country of the first time he said that they was allowed by the country of the first time he said that they have a said that the said that they are allowed by the said that the said that this was within their ampebilities. The said that if we have a said that this was within their ampebilities. The said that if we have a said that the first question of the said that the sa

continually spots of the serious problems run trained of constraint inits daily will clean the test to library. We extend to constraint this dail will clean the test to library. We extend to constant the extent to provide as such backround as possible the constraint this deal and he constant there were considerable of the straint this deal and he constant the library time to be through the conversation the instant that they want to be through with deal. It though he bordered on the instrictulate at time, less passes and sees relapses into his old son and takes he did not reject our position setsiant. It wall a recommendation is that will now may call to be with him in in person, we may get more out of this than the transaction we are interested in.

Partially Declass fied Released on 4 Out 1997
under provisions of E.D. 12366
By S. Reger, Neticual Security Council UNCLASSIFIED

REVIEWED FOR RELEASE Data 14 JAN 1937

NO DE

CHAI ACH

NO Data TOP SECRET SENSITIV. continue Price of the old him that we had sent of the prices shallsherderekantchadete to the mercahat. constituted the prices that the middlemen paid for the goods. wanted that he did not have a copy of the prices. on discussing apricing. He refused to be stonewalled and said that he was under enormous pressure to get When Sam eaked a about the Hiero Siche none adjustment in the pricing. When Sam exted a about the Micro fillist. He confessed that he had not sent it but would on the morrow. Their is some kind of indicator that such a list might not exist. However, he does have something and suspect it might be an old inv an old invoice. that his superiors are shocked that the will would seell then par block narket prices, hes spointed out that he was buying from cing as they were not prepared to b pay six times -pricing . 2. Sam told him that something must break soon as the Chief o He was must disturbed at the wi up with the whole deal. delegation was handled in Dubai and is on the verge of corkin while deal. This did not seem to make a great impression on the said that he and Goode are in deep trouble for having recommended the first place : Sam said that we were in no more trouble than he osn his and. At one point in the pricing arguent, Sam pointed out that we do not cheat on prices, were ther displaces with the Voltawagens when the transition on some kind of break in the price. Sam told him that at far as we were concerned they could buy the parts limited. This deal was set and it would have to so through the percent.

4. Toward the end of the conversation, it made a plea to Sam to do something about the price if at all possible. He also extracted a promise from Sam to call him seek tomorrow.

> Partially Designation | Reigners of The under provisions of E.O. 12356 Di B' Backi's National Secretic Conney

from Sam to call him back tomorrow.

REVIEWED FOR RELEASE

CIIN 0517

220352

UNCLASSIFIED 12 JAL 86

CALL TO THE CONTROL ON SULY 12, 1906

1. Sas called the the control of response to a call from him.

Nothing went the each, so finally Charle gave him my home number when he called the control of the control o

2. Af & stated ad nauseum that he had had trouble contacting" se of damage to their commo, The that they are prepared to release one account and they now have this capability. Sam SAID that this was an excellent development and proposed that they release the one account, then Goode and Sam will mmeet with him in Europe and work out the Scheduling details with him. Sam emphasized that the Chief of Sam's company is fed up and said that nothing will go down until one of our accounts is released. The emphasized that there is only one problem remaining and that is the deal can go through. This the pricing. If this can be resol is reason why he wants Sam and God micro fiche with him. Sam told hi not in our control. We sold the a o come to Tehran to review the at for this deal the pricing was to middle men who sold them to the merchant.

- 3. There was an interesting bit the merchant. The asked if Sam had talked to the mer it. Sam asked the when he had left Dubai as Sam had to yet heard from in. The was confused at this an it that the merchant wasn't in Dubai. This indicates that the merchant is testing another channel and perhaps we should wait to hear what he has to say.
- 4. Conversation ended with sayingwould persue Sam's proposal. Sam agreed to call him on 14 July.

\*\* Proposition of E.O. 12358

K. Jaimson, National Security Council

(5130)

UNCLASSIFIED



Date 14 JEN 1987

CIIP 0518

17 JUNEG

TONCE ASSIFIED

17JUNB6. S=SAM

S-I TALKED WITH OUR OFFICIALS. THEY SAID THAT OUR DEAL MUST BE IN ACCORDANCE WITH THAT AGREEMENT WHICH WE WROTE IN DUBAI.

YES.

S-. AND THEY ARE NOT WILLING TO CHANGE IT.

Partially Declassified/Released on 11F68 88 under provisions of £ 0 12356 by K. Johnson, National Scann / Council

YES.

S- WHAT IS YOUR VIEW?

FIF THAT ACREEMENT WHICH THEY WROTE UP HAD BEEN ACCEPTABLE, IT WOULD HAVE BEEN CARRIED OUT WHEN THEY WERE HERE. IT WAS NOT ACREED UPON. YOU WERE HERE ((AND KNOW)) THAT IT WAS NOT ACREED UPON.

S-YES. THAT'S THE REASON WE WROTE THAT AGREEMENT. WE ARE WILLING TO DEAL IN ACCORDANCE WITH WHAT WE WROTE. BUT IF WE COME AGAIN TO DUBAI, OUR FOUR MILLION MUST BE TURNED OVER TO OUR BANK THE SAME DAY THAT WE ARRIVE. THEN WE WILL DELIVER THE REST OF THE 240 IMMEDIATELY, AND THE THO GHUTIS WILL COME A LITTLE LATER. AND WE WILL REMAIN IN DUBAI UNTIL THE THO GHUTIS COME.

THIS IS NOTHING NEW. THAT'S WHAT YOU SAID BEFORE.

S-YES. YES. AND WHEN I TALKED WITH OUR OFFICIALS, THEY SAID THAT THIS IS HOW IT HAS TO BE.

AT ANY RATE, WHAT YOU'RE SAYING IS NOTHING NEW.

S- NO. IT HAS TO BE THE WAY I TOLD YOU DEFORE.

-WELL, IF THAT'S THE CASE, I DON'T THING WE'LL BE ABLE TO DO ANYTHING.

S-VERY GOOD. THEN IT'S UP TO YOU AND YOU COMPANY ((COUNTRY)). IF YOU WANT TO CONTACT ME, I'LL GIVE YOU A PHONE NUMBER.

YES.

S-IN THE CITY WHERE I AM.

PLEASE REPEAT.

((THE TWO MIDDLE DIGITS AS REPEATED BY BUT IT DIDN'T SOUND LIKE HE WAS SAYING

WERE INDISTINCT,

S- THAT'S RIGHT, AND MY NAME IS SAM O'NEIL.

HUH?

S-SAM D'NEIL. ((REPEATS SEVERAL TIMES. HAS A HARD TIME UNDERSTANDING)
JUST GIVE MY NAME, AND I'LL CONTACT YOU IMMEDIATELY.

I'LL TELL YOU NOW AS MUCH AS I KNOW. YOU WANT US TO DO SOMETHING FOR YOU. YOU DO SOMETHING FOR US, WHEN YOU HAVE DONE THIS THING FOR US, WE'LL DO SOMETHING FOR YOU.

S-FINE. I KNOW. I MEAN, I UNDERSTOOD YOUR POSITION VERY WELL. YOU TOLD ME THAT SEVERAL TIMES BEFORE. BUT THE OFFICIALS NERE SAID THAT IT HAS TO BE THIS WAY, AND THEY ARE NOT WILLING TO CHANGE THEIR MINDS.

THEY ARE WILLING ((FEW WORDS MSD))?

UNCOA SSIFEED

S-YES, YES. YOU MUST CONFER WITH THE OFFICIALS THERE, AND IF THEY CHANGE THEIR MINDS, CONTACT ME. PLEASE.

FINE.

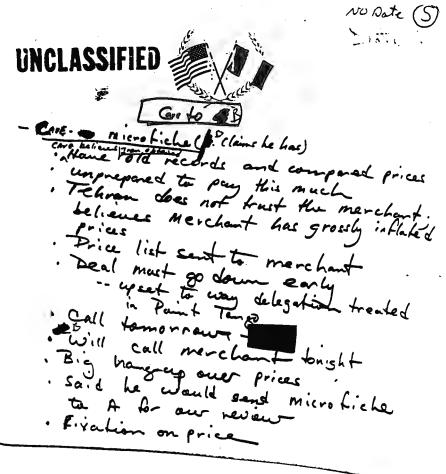
S-GOODBYE.





UNOEASSATED

CIIDA592



Partially Centres hydrRetrased on Local B8 under Stowis een of E.O. 12866 by K. Johnson, National Security Council

5118

Exhibit I-A CAVE

# UNCLASSIFIED

7/10/86 2396

MERTING GIT -

JULY 10, 1335

Items and the reads all Iranian newspapers that he can get his hands on and also listens to radio broadcasts. He also talks to extles, sees a lot of Iranians who travel hack and forth to Iran, maintains sponder contact with former colleanues who remain in Iran, but perhaps His most important source of information are the representatives of important Iranians who example abroad on business. The most important of these is the man who

can not return to Iran.

- 2. Like all Iranians, groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. shaid that there are two other groups worth mentioning, Bazergan's people and another group(ask about this one). Says that Montazari is dominated by Rafsenjani and once khomeini dies will be Rafsenjani's point man. I said tat Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.
- 3. Sam and Abe told that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. Small that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line pople. Small that the current problem is that Khomieni would oppose and such action as long as he lives. Groundwork can be done and proposed that the man to establish coptact with is Rafasantini.

----

said that he can explore establishing this consci with

is through suggested that

at some time we consider sending in a non-American to do some contacting after ground work has been done.

Partially Diplassified / Released on 23/124 (moder provisions of E.O. 12356



سريال<sup>ي</sup> (

11.Jul 80

N 2398

MEETING WITH

ANDS ALBERT HAKIM ON 11 ITLY 1996

and that he had cleaned up his report. The had the had cleaned up his report. The had cleaned up his report and get the answers. Sam said he would take a look at the report and get back to him.

said that their were two channels into Hasemi Rafsen proposed to discuss with us the best of these two channels.

Hakim spent a lot of time explaining to that he wanted to urposes. get some legitimate business with Iran for Cover He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benifit out of it. suggested oil sales to the US which he was in a position to arrange for fob \$8.20 a barrel. Sem suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil wa embargoed. During the course of the meeting, and quite frankly that he wasn't going the course of the meeting, said quite frankly that he wasn't to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he Hakim told sam unach... no matter what we decided. planned to pursue these matters with has also set up a private polygraph for on Monday.

ing assified

Partially Declassified/Released on 2 4 440 88 under provisions of E 0 12356 by K. Johnson, National Security Council

Exhibit 3-A
CAVE

### UNTLYSOHILU

NATIONAL SECURITY COUNCE WASHINGTON, D.C. 20005 Non-Log

N 3903

August 5, 1986

TOP SECRET

MEMORANDUM FOR THE RECORD

SUBJECT:

Operations Sub-Group (OSG) Terrorist Incident Working Group (TIWG) Meeting

The OSG met on Tuesday, August 5, from 1:30-2:45 p.m. with LTCOL Ollie North, Ambassador Bob Oaklay, Richard Agmitage, LTGEN John Moellering, Charles Affect, Sewey Clarridge, Buck Revell, and Craig Coy attending. The following topics were discussed:

Hostages: There was a lively discussion on the next steps to take on the remaining hostages. The discussion touched on the possibility of Ruwsiti, releasing the Da'wa seventeen and the conditions that would lead to that action

Revell raised the concern that we may be acting inconsistently with the President's policy of no negotiation and that it would not be in our best interest.

Armitage questioned what our policy should be and whether we should bargain for the hostages.

Moellering asked whether the President felt pressure to get the hostages. North responded that he has a personal sense of obligation and that the President had instructed North to get the out.

Declassify:

OADR

ناملاً ا

l atobelle i

3448

1221-1600

4,12

Evaluation Designations of Ed. 12561
To R. Paper, Sections Security Council

1918 The William

Dage N3904 denied in its entirety.

Notes on Dissem concerning Iran's view that it can not win a war with Iraq. Their need for an "honorable Peace," and their fear that the upcoming offensive may not be successfull.

N 2866

1. Iran now concludes that it can not win a war with Iraq. The economic infastructus can no longer support the effective waging of the war against Iraq. In addition Iraniar logistics are in a shambles. There are also political reasons which dictate the quick colusion of a peace with Iraq. About 2 years ago the iranians began looking at the rebuilding of Iran after a peace with Iraq is concluded. In a postwar world, Iran would have to do some re-arming of their military. They would also have to rebuild the industry and economy. I Since both the military and the remove are western oriented, it is imperative that they upporve relations with the west



It must be able to present the end of the war as a "victory" for Iran. Were this not to be the case, the moderate and conservative factions in the government would be victimized by the radical wing, which would attempt to dominate the government. The fear of the moderates and conservaties is that this would upon up Iran to increased Soviet influence. In order to present the Iranian people with a xixture; "victory," the Iranians have planned one last offensive. The purpose of this offensive is to gain enough territory togive the Iranians a strong bargining position. In the past two months considerable doubt has arisen within the higher echelons of the Iranian government as to whether Iran can reasonably expect to 1 make any sizeable gains by launching such an attack. They are critically aware of the tremendous price they will have to pay in human lives, because of the well prepared Iranian.

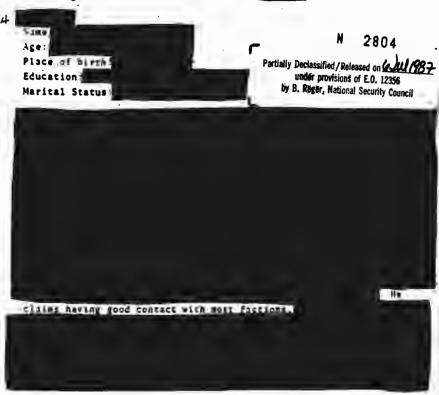
under provisions of E.O. 12356
by K. Johnson, National Security Council

MARCHAZZILIER

Page N2867 deview in its

# ENDIDIZ 5-A (CAVE UNCLASSIFIED

Extracts from the Farsi 7 page report of dated 8-12-86



- B. General picture of the political status (the different groups)
  - Number one man with absolute power continues to be Khomaini.
     He personally supervises the work of all group leaders.
  - 2. After his death could reach an agreement with Montsaert's group, they will be successful.

Relation for fact of It) of U.S./Iran. H 2605

A number of people at different occasions contacted different numbers of the Iraninangovernment (in foreign countries) trying to create some kind of relation between the two countries (more or less along the line which we are pursuing). No results.



recommendations:

- Do not try to contact prematurely this will endange him for positioning himself in the government.
- 2. Gain Iranians' trust by supporting them in:
  - a. The Hague
  - c. Intelligence

GEORGE Cave Sphibit 6-1

DENIED in Full

(2 pages: N 2799 - N2800)



Exhibit 8-A (CAVE)

NOFCRN/NOCENTRACTION - RCON miral linelingment
Waterpara, D.C. 2009

Partially Declassified/Released on <u>E. M. 1987</u> under provisions of E.O. 12356 by B. Reger, National Security Council

National Intelligence Council

10 September 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM:

Charles E. Allen

Director, Hostage Location Task Force

subject:

American Rostages

1. I met with Cilie North last night at his office on American hostages.
Cilie had just returned from a meeting with John Poindexter on the same subject.

Poindexter has given Ollie new guidance on the American hostages, namely:

- Ghobanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghobanifar out, Ollie will have to raise a minimum of \$4 million.
- If there is no other channel for financing future arms shipments, then Ghobanifar will be used as a last resort.

 Ollie is greatly relieved by Poindexter's decisions because he feared that John and the President would shut down completely this back channel to Iran because of the kidnapping yesterday of Frank Reed.

- Reed released immediately

UNCLASSIFIED

CL SY

DECL OADR

Exhibit 9-4 UNUTHATERED (CAVE

NATIONAL SECURITY COUNCIL WASHINGTON D.C. 20508

Non-Log

9099

(N 2816)

October 2, 1986

SENSITIVE

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER FROM:

OLIVER L. HORTE

SUBJECT:

Next Steps with Iran

called Dick this morning to advise that he had just returned from Beirut and would very much like to meet with us in Frankfurt, Germany, on Monday, October 6. He indicates that he has "good news" regarding the hostages and that he wishes to get past the "obstacle" as quickly as possible. An appropriate travel approval is attached at Tab I.

George Cave is taking a well-deserved "mini-vacation" in Rome. We are telling all callers that he is in the hospital for tests on his back. In accord with the request, the U.S. side would be represented by: Sam O'Neil, Copp, and Goode.

This meeting also affords us the opportunity to deal with the issue of Israeli cooperation. Nir has been calling daily (often several times) urging that we get on with the process in our "joint venture." He constantly cites his September 10 meeting in the constantly cites his September 10 meeting with you as the basis for proceeding urgently. Because we have not told him about our intention to pursue the first, he continues to encourage Ghorbanifar to raise the requisite funds for another delivery. Ghorbanifar, in turn, has a frequent dialogue with in this regard. All of this tends to create confusion among the various participants and an unnecessary OPSEC vulnerability. We need to act how to reduce the number of channels into the Iranians (at least on a temporary basis) and clarify various roles and missions.

7

we (Cave, Clarridge, and Copp) believe that we should move promptly on both fronts as follows:

-- O'Neil, Copp, and Goode meet with a in Frankfurt on Ronday, October 6. That indicated that he has an internal consensus on how to proceed with regard to the hostages "obstacle." He has said that he will bring with him to this meeting "one of the officials we met with in

SENSITIVE روريخ

on Declaration (Ref. 12 May 987)
Index professor

by 8, Restly

Court

TOP SECRET

# UNOLASSIFIED."

9100 2817) ote SENSITIVE

Tehran" and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was

Tehran and has asked that we bring with us a definitive sample of the intelligence we had discussed when he was here. Based on this, we believe that was here. Based on this, we believe that was here. Based on this, we believe that the second of the intelligence was very specific (the details were forwarded to you via PROFs). While the sensitivity of providing this information is well-recognized, it must also be noted that intelligence was given a higher priority by than any other assistance we could provide. In the Casey Cave-North meeting we had with you after beparted, we all agreed that it was unlikely that providing such information would change the course of the war. Further, we all recognized that the information need not be accurate and that it was highly perishable given the dynamic nature of the conflict. In short, we believe that a mix of factual and bogus information can be provided at this meeting which will satisfy their concerns about "good faith" and that we can use the "perishible argument as an incentive for the Iranians to accept a CIA communications team in Tehran. As before, we would not leave any documents with the Iranians, but will provide an exposition during which they could take detailed notes. Director Casey needs to be told to prepare the intelligence for handcarry to the meeting. meeting.

has said he is bringing a Koran for the President. As a reciprocal genture, we have purchased a Bible which we would present to first him to take back to Tehran with him. Given our earlier discussions (see transcript), it would be very helpful if the President would inscribe a brief note citing a particular biblical passage (Tab III) in the front of the Bible. This particular excerpt is important in that it is a new testament reference to Abraham, who is viewed by Moslems, Jews, and Christians as the progenitor of all the world's nations. It would be most effective if the President hand wrote the inscription and initialed/signed it without addressing the note to any particular person. addressing the note to any particular person.

Mir: When Amiram was here, we made a conscious decision not to apprise him of our near-term efforts with Rafsanjani's parts and 500 TOWs.

TOP SECRET

**CHARGALURU** 

9101

TOR SECRET

SENSITIVE

From an operational perspective, the current communications arrangements are a command and control/OPSEC nightmare (Tab II). Nir essentially controls out access to both and Ghorbanifar and, thus, we often find ourselves reacting to his well intentioned efforts. We believe that we now have an opportunity to change the relationship in such a way that Nir is placed in a supporting role rather than acting as a primary source of control. We also recognize that Israel's participation in this activity is both politically and operationally important. In altering Nir's status, we need to do so in such a way that he and those officials in his government who are cognizant continue to perceive that this is still a "joint venture."

In order to accomplish the objectives outlined above, we propose that on Saturday, October 4, Copp would fly to Tel Aviv and meet with Nir. At the meeting, Copp would use the talking points at Tab IV. In an effort to ameliorate Nir's angst over his "new status," we urge that the letter at Tab  $\overline{V}$  to Prime Minister Peres be signed by the President. If you agree, we need your approval of the talking points at Tab IV and a Presidential signature (real or autopen) on Tab V by 1:00 nm. Friday. October 1. Tab V by 3:00 p.m. Friday, October 3.

The steps above are designed to give us a chance to make the new relationship through the function without destroying the Ghorbanifar channel. We would, in effect, put Ghorbanifar channel. We would, in reflect, put Ghorbanifar channel c

has already told us, that shortly after the October 6 meeting, there will be a follow-on meeting of the "joint committee" in which will be a participant. Unless we are convinced that the Iranians would recognize Nir as an Israeli, we would intend to invite Nir to this follow-on meeting.

A memo from you to the President has not been prepared for obvious reasons. It is hoped that between now and 3:00 p.m. Friday you will have an opportunity to privately discuss this with the President and obtain his approvals/signatures on the steps indicated above.

TOP SECRET UNCLASSIFIED

N 9102

TOP SECRET

SENSITIVE

| RECOMMENDATIONS   |  |
|---|--|
| 1. That you initial/the tre   | evel authorization sheet at Tab I.   |
| Approve   | Disapprove   |
| 2. That you tell Director ( intelligence package by Satu on Monday (departure Sur                                     | Casey to prepare an appropriate urday, October 4, for the meeting with inday evening). |
| Approve   | Disapprove   |
| the passage at Tab III (a caplace in the Bible) #   | dent inscribe the attached Bible with ard is paperclipped at the appropriate           |
| Approve   | Disapprove   |
| 4. That you approve the tal   | king points at Tab IV for use by Copp  |
| Approve J   | or 4.  ? Disapprove  |
|   | dential signature on the letter to   |
| Approve 1   | Disapprove   |
| Attachments Tab I - Travel Author Tab II - Diagram Tab III - Bible (for Pl Tab IV - Copp Talking Tab V - Presidential | residential inscription) Points  |

UNCLASSIFIED

SENSITIVE

POP SECRET

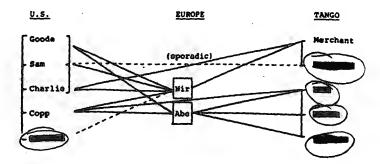
| •    | UNCLASSIFIED DATE: NOCTOBER 3. 1986  |  |  |  |  |
|------|--|--|--|--|--|
| 1.   | TRANSLER'S NAME: Mr. William P. Goode  |  |  |  |  |
|      | PURPOSE(S), EVENT(S), DATE(S): Official travel to Frankfurt, GE, on Monday, October 6, to meet with our contacts regarding the furrent situation in the Middle East. |  |  |  |  |
| 10/5 | ITINERARY (Please Attach Copy of Proposed Itinerary):  Pepert 8:00 p.m. Dulles Airport PanAm 360  Arrive 9:20 a.m. Frankfurt, GE                                     |  |  |  |  |
| 10/7 | Arrive 9:20 a.m. Frankfurt, GE Depart 12:45 p.m. Frankfurt, GE PanAm #61 Arrive 4:40 p.m. Dulles Airport   |  |  |  |  |
|      | DEPARTURE DATE Sun, Oct 5 RETURN DATE Tues, Oct /  |  |  |  |  |
|      | TIME 8:00 p.m. TIME 4:40 P.m.  |  |  |  |  |
| 4.   | MODE OF TRANSPORTATION:  |  |  |  |  |
|      | GOW AIR COMMERCIAL AIR XX POV RAIL OTHER   |  |  |  |  |
| 5.   | ESTIMATED EXPENSES:  S1872.00 PER DIEM XX OTHER TOTAL TRIP COST  |  |  |  |  |
| 6.   | WEO PAYS EXPENSES: NSC XX - OTHER  |  |  |  |  |
| 7.   | IF NOT NSC, DESCRIBE SOURCE AND ARRANGEMENTS: N/A  |  |  |  |  |
|      |  |  |  |  |  |
| 8.   | WILL FAMILY MEMBER ACCOMPANY YOU: YES NO XX  |  |  |  |  |
| 9.   | IF SO, WHO PAYS FOR FAMILY MEMBER (If Travel Not Paid by Traveler, Describe Source and Arrangements):  N/A   |  |  |  |  |
| 10.  | TRAVEL ADVANCE REQUESTED: \$ 0.00  |  |  |  |  |
|      | REMARKS (Use This Space to Indicate Any Additional Items You Would Like to Appear on Your Travel Orders):  |  |  |  |  |
|      |  |  |  |  |  |
|      |  |  |  |  |  |
| 12.  | TRAVELER'S SIGNATURE:  |  |  |  |  |
| 13.  | APPROVALS:   |  |  |  |  |

TOP SECRET

### UNCLASSIFIED

September 30, 1986 9104

#### COMMUNICATIONS NETS



From an OPSEC perspective, there are too many channels into (and out from) the U.S. We can't hope to have this many players speak with one voice -- no matter how "good" they are individually.

Recommendation: Pere the U.S. communicators down to no more than two individuals (who either compare notes directly each day, or report to a common supervisor); e.g., Sam and Copp, who both report daily to North. Cut Charlie and anybody else out. Have them stop communications cold turkey (to support cover story of Charlie charles).

TOP SECURE TO SECURE THE PROPERTY CADA

N 9105

#### INSCRIPTION BY PRESIDENT:

"And the Scripture, foreseeing that God would justify the Gentiles by faith, preached the gospel beforehand to Abraham, saying, 'All the nations shall be blessed in you'.

Galatians 3:8"



9106

UNGLASSIFIED

an ede 2 origina, go

TOP SECRET

### IING ASSIFIED

SENSITIVE

#### INSTRUCTIONS TO COPP FOR MEETING WITH MIR

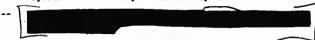
Saturday, October 4, 1986 Tel Aviv, Israel

9107 (N 2817)

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation: The objective of this discussion is to improve our control of

ADM Poindexter has directed that I see you regarding our current Ghorbanifar Schannel and discuss with you ways in which we can have together to accomplish our mutual objective -- a strategic relationship with Iran.



- We believe that the first new hostage (Reed) was probably taken by elements other than Birballah -- although they may have him in their hands now.
- We think that may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).
- Quite the contrary is true. The President is adament that we will not move forward on this channel until we resolve the new hostage issue.
- We are also concerned that the two new hostages (or at least Cicampio. sepresents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.
- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

TOP SECRET.
Declassify: OADR

(N 2828)

TOP SECRET

SENSITIVE

N 9108

- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Tranians, the most important factor is potential OPSEC risk.
- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.
- neither nor other Iranian officials in Tehran trust
- -- Finally, both of us know that himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.
- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.
- -- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to until we resolve these issues.
- -- Several months ago, I apprised you of a contact with the contact to determine its validity.
- -- We are confident that the man I met with in Brussels, is indeed Rafsanjani and that he has been franchised to act as a liaison between the U.S. and Iranian governments.
- -- When Prime Minister Peres was in Mashington last month, the President assured him that we are going to continue this effort as a joint project.
- -- I have been instructed to seek out a second meeting with as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

TOP SECRET

7

UNCLASSIFIED

# UNDLASSHED N 9109 (N 2829)

SENSITIVE

#### TOP SECRET

- Once we have established direct USG contact with the we intend to introduce you into this process under the conditions as obtained when you went to Tehran with us.
- Based on my one initial meeting with and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Wir has been told that you "came upon" as a consequence of looking into the possible diversion of TOWs through during an investigation undertaken in late July/early August.)

- While we explore the sincerity of and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/channel on "hold."
- To that end, we have told Sam -- who is in the hospital -- he is to contact and tell him that:
  - there must be a meeting with any further; before we proceed
  - the issue of the two new hostages has become a strong, negative factor in proceeding at all;
  - this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;
  - the problem is not the merchant and his financing, but rather the two new hostages;
  - contrary to what he may expect, there will be no further deliveries until we have met and resolved this matter;
  - we have asked to meet with us in Frankfurt on October 9 -- we do not yet have an answer.
- I intend to meet with this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.
- I want to caution you, however, that in my meeting in Brussels in indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

TOP SECRET

UNCLARS SEFIED

TOP SECRET

N 9110 SENSITIVE

(N 2830)

- -- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.
- -- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.
- -- If my meeting with this week goes well, I would expect that all of us could meet with him next week.
- -- In the interim, if does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

| Approved | <br> |  |
|----------|------|--|
|          |      |  |

TOP SECRET

UNC SASSIFIED

Document
N9111 (N 2831)
Deleted in
its Entirety

# IQA



THE 19-20 STORY THOUS ARE 7 POINTS ARRIVED AT DURING

Partelly Declarative the Resed on 2 4 FEA 88 by K. Johnson, National Security Council under provisions of E.O. 12359

show this to Hizbullah as their own work and tell them will present this to the Kuma in return for release of some of the 17 on an appropriate religious holiday. His will have to agree to this.

3. Cop and Sam help them prepare a plan with which they can approach the Kawaitis in which they promise no terrorism and no fomenting fundementiists against the regime. They will

1. They transfer money to our account.

2. We deliver 500 Tows.

4. 2 hostages released within 4 days of tow delivery. If only one released, we ever changes and we meet again.

5. we repeat funding and delivery as in one and two above.

6. We send tech support for Hawks and updated intel. Secure commo team and provide for them the location and availabity of things on their lists.

7. Iran does utmost to obtain the release of all other hostages.

former: Note; 6 and 7 will be based on a subsequent,

WASHING TON

0:200

### UNCLASSIEIED Exhibit CAVE 14 October 1986 Cherles E. Allen MO/CT 0187 THE DIRECTOR OF CENTRAL INTELLIGENCE discussed it with Ollie. see with our initiative to background, please let i should be implements individuals involve Netional Intelligence Council

THE DIRECTOR OF CENTRAL INTELLIGENCE

2

B

14 October 1986

Also included

Charles E. Allem MO/CT

SSIFIED

0168

#### Objectives of the Progrem:

۴.

. .

 In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran. to include

return of all presently held American hostages, and cessation of hostage-taking;

and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.

In the longer term to establish contacts within the Iranian Government that might test the possibility of:

bringing about a change in the regime in ]ran (or its attitudes), thereby

establishing gradually a rapprochment between the United States and Iran.

Ultimate, Strategic Objectives remain an alliance which provider:

containment of the Soviet Union on a crucial flank and preventing their move toward the middle east;

counterweight to Arab themes in the Middle



#### Problems with the Program:

For over a year the US Government -- using private and Israeli intermediaries -- has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been

In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

UNCLASSIEIED...

0189

slow and unreliable, the White wouse -- encouraged by Second and Makim -- has turned to a new channel. The new channel (4) involves an individual purporting direct Confect Rafsanjani, Speaker.of the Majlis and second most powerful man in Iran.

Rafranjomi in his delegated authority is its clar-

There have been two covert meetings with one here and one in Europe. Another meeting is so stalled ful the first week in hovember.

 While the tone of the meetings has been generally positive, the targaining has been tough and the negetiations difficult; closure remains elusive.

A problem that now confronts us is the disposition of the first channel, from Chortenifar to This first charrel his never less that does no away that would limit the datage to the overall initiative. Sprifically, Chorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

 Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering sore for which no treatment has been prescribed. That demanded that the Ghorbanifar-channel be shut down. Indeed, claims arready to have coopted

ptated that he, and ostensibly Rafsanjani, had approved of the way heretofore. Motwithstanding, spoken of "eliminating" sometime in the future.

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

INCLASSIEIED

- Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far. | 0190

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifar than the shift down in a way that contains potential damage to the United States.

#### <u>Eackground</u>:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Kimke put the White House in contact with Ghorbanifar. Wriking with Jacob Kimrodi and other Israeli entrepreneurs, Ghorbanifar introduced US intermediaries like Michael Ledeen to key Iranian officials influding Ghorbanifar also established a prime Minister's Office. A series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous.

- One hostage was released in September, 1985, as a result of this channel.
- A breakdown ocurred in Geneva, in late November 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Nimrodi, if not Ghobanifar.

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Second. Through a London representative of the Iranian Government, a meeting was held in late August in

Brussels with interpolation in the same us officials, one meeting in Washington, the other in Frankfurt.

#### Ghorbanifar's Alleged Financial Straits:

1 0191

The Ghorbanifer—channel is technically on hold. Clearly, however, it is being supplanted by the Hakim-channel -- a fact reportedly known by and presumably by Ghorbanifar.

The arms transactions in which Ghorbanifar and figured required that Ghorbanifar provide the financing. The US required money in advance of any arms delivery while Tehran, previously burned by other would-be arms providers, demanded shipment before payment. Thus, it fell to middle-man Ghorbanifar to arrange the financing.

Ghorbanifar, working with Adnan Khashoggi, got some Canadian investors to lend \$15 million to finance the shipment of Hawk spare parts to Iran. Khashoggi put up collateral to cover at least part of this loan. The interest on the \$15M, repayatic in 30 days, was 20%. Ghorbanifar, then, would have to pay a minimum of \$16M. These financial arrangements were made at the end of April -- before MacFarlane's visit to Tehran.

Since the loan was agreed to, Ghorbanifar claims to have been paid only \$8M. He agrees that he received \$4M at the end of July follwing the release of Father Jenco. He claims, without proof, that only \$3M can be applied to repayment of the loan, the other \$1M being related to a separate transaction with the other \$1M being related to a separate transaction Ghorbanifar admits to receiving \$5M two or three weeks later, but that no additional funds have been forthcoming.

- He states he has been able to repay about \$8M to his creditors, including \$6M to one financier -of which \$1M was interest.
- He states, too, that he paid other financiers \$2M for interest charged.

Ghorbanifar asserts that he now has a \$10-\$11 million shortfall that he cannot meet. The creditors are becoming angry and have demanded additional interest because the principal is overdue. Ghorbanifar claims to be under tremendous pressure and feels financially discredited.

## UNCLASSIEUED

Ghorbanifar's financial situation is murky, indeed. The has claimed that he paid Ghorbanifar an additional \$8M in cash, an assertion that cannot be validated.

Regardless of who is Cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

1 0192

#### Rapprochment with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hortages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

for example, has focussed on long-term os economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is chee; and easy; hard options on how to accomplish this are harder to come by.

#### The Ghorbanifar-

.

#### Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military material to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

the US Government made several promises to him (Ghorbanifer) that it failed to keep; and,

0 t .

the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

0193

#### Ferono indations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Makim-channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

 Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

for size  $\nu$  ...  $\sigma$  we any r we next as t=r itages distribute in set any constant

 it is clear from not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the statute of a Henry Rissinger, a Hel Sauders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records

(8) <u>Develop Press Guidance in the Event of an Exposure</u>. We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

- The Israelis have exposed some of this.
- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could such have an incredible mess on our hands and damage limitation must be admissible in a in an orderly, systematic manner.

1 0194

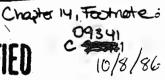
(C) Effect of Orderly, Danage-limiting Shutdown of the Ghorbanifar Channel. It is unlikely we could totally discredit any reversions by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- Bakin har supported that reads to found to it years enough.
- Ferhaps we can engage Ghorbar (far otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar hannel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.



# October,14# 6 Evening until aidnight

. Iran would pay to Mr. Hakim the price of \$00 TOW iles],--and if so desired--the Hawk parts that remain from ous agreement.

Nine TOW' ng days later--should Iran agree--five |ell as Hawks-together with donated medicines to Iran.

of fulfilling the provisions of paragraph number all submit the plan for the release of the Euwaitis persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) [sic] to be released from the Lebanese through lran's effort, (3-4 days

after the delivery of the cargo mentioned in paragraph 2).

5. Through a method for opening of credit to be studied by Albert and tomorrow night: Five hundred TOW missiles with a maximum e hundred launchers to be delivered to Iran within days after fulfilling the provisions of paragraph TOW's (500 received and lran will pay for 1500 Future ones). And the 1,000 TOW's will elivered to Iran within nine days.

The United States sh tart and implement the and expertise) for Hawks as ary information [intelligence] n. And it [the U.S.] will technical support (both in g well as the rejuvenation of and maps and special communi submit to Iran the price schedure and time table for the items. Teturn of delivery of

Prior to Tehran, the question of Huslim (Shi'a) prisoners in Levanon and the process for their release by the parties involved shall be discussed with Second.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.

9. Steps to be taken for the submission of items.

Steps to be taken for the submission of items mentioned

6, second sentence. in parage

E N D

SECRET

THIS IS FIRST BRAFT OF SURSEQUENT REFINEMENTS WHICH a

AT THE NSC.

CIIN 3961

UNCLASSIFIFD

Custim Registry 1965

under profitie i E.O. (235K) B. Regor, mational Security Count ~ Exhibit 11-B

### UNCLASSIFIED ...

05

#### Objectives of the Program:

In the short term to resolve the American hostage problem in Lebanon, through the offices of Iran, to include

return of all presently held American hostages, and cessation of hostage-taking;

and to accomplish this without jeopardizing our public policy of non-negotiation with terrorists and hostage-takers.

 In the longer term to establish contacts within the Iranian Government that might test the possibility of:

bringing about a change in the regime in Iran (or its attitudes), thereby

establishing gradually a rapprochment between the United States and Iran.

<u>Ultimate, Strategic Objectives</u> remain an alliance which provides:

containment of the Soviet Union on a muchal flank and preventing their move toward the middle seat;



#### Problems with the Program:

For over a year the US Government — using private and Israeli intermediaries — has tried to resolve the hostage crisis by treating with Iranian officials; the long-term goal of eventually restoring a strategic relationship has remained in the background. The principal intermediary has been Ghorbanifar, and the principal official has been

In return for the shipment of American arms to Iran, the release of two American hostages was achieved.

RECEIVED NO

NOV 29 1386

CODY :S RECEIT



### UNCLASSIFIED" N 06

Because the Ghorbanifar Channel, was viewed as slow and unreliable, the White House -- encouraged by Seccord and Hakim -- has turned to a new channel. The new channel involves an individual purporting to be of Rafsanjani, Speaker of the Majlis and second most powerful man in Iran.

genuine -- sithough his influence with and his delegated authority are less clear.

apparently is well-connected

There have been two covert meetings with one here and one in Europe. Another meeting is scheduled for the first week in November.

 Mhile the cone of the meetings has been generally positive, the bargaining has been tough and the negotiations difficult; closure remains elusive.

A problem that now confronts us is the disposition of the first channel, from Ghorbanifar to the first channel, from Ghorbanifar to the channel has never been shut down in a way that would limit the damage to the overall initiative. Specifically, Ghorbanifar claims he was never compensated for some of the arms shipped to Iran, arms for which he arranged the financing.

Ghorbanifar and his creditors, including Adnan Khashoggi, appear determined to recoup their "losses", even at the risk of exposing US covert arms shipments in exchange for release of our hostages.

We have a festering sore for which no treatment has been prescribed. The has demanded that the Ghorbanifar-chammel be shut down. Indeed claims already to have coopted

claimed the home and office of had been "bugged", his communications with Ghorbenifer (ead US persons) monitored.

teted that he, and oathasibly Rafsanjani, had approved of the way had proceeded heretofore. Notwithstanding has spoken of "eliminating gometime in the future.

Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan.

### HNOLASSIFIED

07

Ghorbanifar claims to have secreted, for "insurance purposes", documentation of events which have transpired so far.

Given this, the major elements of this initiative are likely to be exposed soon unless remedial action is taken. There is no indication that the White House has a plan to prevent the exposure or a plan to deal with the potential exposure.

The Ghorbanifat channel must be shut down in a way that contains potential damage to the United States.

#### Background:

When the initiative began, National Security Advisor MacFarlane wanted to establish a channel to factions within the Iranian Government with which the United States might eventually deal, and which might secure incidentally the release of the American hostages in Lebanon.

Israeli officials like David Rimbe put the Mhite House is contest with Machanises. Morking with Jacob Minrodi and other lossell outrepredents, Cherbonifer introduced US intermediaries like Michael Ledeen to key Tranian officials Gherhanifar also entablished a direct like to series of meetings ensued with negotiations seemings appearing

result of this channel.

- series of meetings ensued with negotiations sometimes appearing highly positive, sometimes near-disastrous.
  - A breakdown ocurred in Geneva, in late Hovember 1985, when the Iranians accused the other side of knowingly delivering the wrong version of Hawk missiles to Tehran -- an accusation we believe and for which we blame Himrodi, if not Ghobanifar.

One hostage was released in September, 1985, as a

Progress appeared dramatic in May 1986 when a US delegation led by MacFarlane secretly visited Tehran. The results, however, were disappointing. The Iranians were not prepared to deal directly with so high level a delegation. Still, another hostage was released subsequently, in late July.

Another channel, potentially more promising, was just then opening up through private efforts by Albert Hakim and Dick Second. Through representative of the Iranian Government a meeting was held in late August in

HNGLASSIFIED

ţ

### UNOLASSIFIED

N

08

Brussels with
Rafsanjani. This, in turn, led to two meetings between
and US officials, one meeting in Washington, the other
in Frankfurt.

#### Ghorbanifar's Alleged Financial Straits:

The Ghorbanifar channel is technically "on hold." Clearly, however, it is being supplanted by the Hakim-channel -- a fact reportedly known by and and presumably by Ghorbanifar.

The arms transactions in which Ghorbanifar and figured required that Ghorbanifar provide the financing. The US required money in advance of any arms delivery while Tehran, previously burned by other would-be arms providers, demanded shipment before payment. Thus, it fell to middle-man Ghorbanifar to arrange the financing.

Ghorbanifar, working with Adnan Khashoggi, got some Canadian investors to lend \$15 million to finance the shipment of Hawk spare parts to Iran. Khashoggi put up collateral to cover at least part of this loan. The interest on the \$15M, repayable in 30 days, was 20%. Ghorbanifar, then, would have to pay a minimum of \$18M. These financial arrangements were made at the end of April -- before MacFarlane's visit to Tehran.

Since the loan was agreed to, Ghorbanifar claims to have been paid only \$8M. He agrees that he received \$4M at the end of July follwing the release of Father Jenco. He claims, without proof, that only \$3M can be applied to repayment of the loan the other \$1M being related to a separate transaction with Ghorbanifar admits to receiving \$5M two or three weeks later, but that no additional funds have been forthcoming.

- He states he has been able to repay about \$8M to his creditors, including \$6M to one financier -of which \$1M was interest.
- He states, too, that he paid other financiers \$2M for interest charged.

Ghorbanifar asserts that he now has a \$10-\$11 million shortfall that he cannot meet. The creditors are becoming angry and have demanded additional interest because the principal is overdue. Ghorbanifar claims to be under tremendous pressure and feels financially discredited.

### UNCLASSIFIED

09

 Ghorbanifar's financial situation is murky, indeed. The has claimed that he paid Ghorbanifar an additional \$8M in cash, an assettion that cannot be validated.

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

#### Rapprochment with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

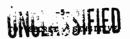
We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap and easy; hard options on how to accomplish this are harder to come by.

#### The Ghorbanifat

#### Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military material to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;



### UNCLASSIFIED "

- the US Government made several promises to him (Ghorbanifsr) that it failed to keep; and,
- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

#### Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

 Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

Exposure would make any movement on the hostages difficult, if not impossible.

 It is clear from comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:  $\label{eq:continuous} \begin{tabular}{ll} \end{tabular}$ 

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Sauders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records and the

### UNCLASSIEIED

11

- (B) <u>Develop Press Guidance in the Event of an Exposure</u>. We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.
  - The Israelis have exposed some of this.
  - Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be addressed now in an orderly, systematic manner.

- (C) Effect an Orderly, Damage-limiting Shutdown of the Channel. It is unlikely we could totally discredit any reversions by Ghorbanifar; he has too much documentary evidence that implicates US officials.
  - Hakim has suggested that means be found to "buy off" Ghorbanifar.
  - Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

Allen's testimony dates this 86-10-24

Exhibit

No DATE

MEMORANDUM FOR: Vice Admiral John M. Poindexter, USN Assistant to the President for National Security Affairs

SUBJECT: Roy Purmark's Comments on the Hostage Situation

0195

- Charles Allen and George Cave went to New York on 22 October 1986 to meet with Roy Furmark. This was an extremely interesting meeting in that it revealed that the financial backers of Ghobanifar have been aware of the operation since its inception and may actually have played a key role in getting it moving, possibly for altruistic reasons, but almost certainly for their own profit. Roy himself admitted several times during the evening that profit was certainly a motive but that the group did see their efforts as leading towards stability in the region and the release of the hostages. Reappeared to be very open during the course of the evening and everything he told us tracked with what we know. The only doubtful answer he gave was in reply to a question as to whether some of the principals were involved in the sting operation. Roy said that none of the principals were involved in the one of the players, larger Samuel Evans, was the major indictee and is free on \$4.5 million bond. May claims that Evans owes him \$200,000.
- Khashoggi has been involved in this from the beginning as Ghobanifar's financier. Beeything started in January 1955 with a meeting in Dirope,
  These meetings These Meetings with to Tel Aviv with the with like and in his house. During the went to Tel Aviv with ley met Willen Nir. At this meeting it was decided that it was necessary to get Washington's approval for the overall plan.
  These were two basic objectives; one, get release of the hostages, and two n up a dialogue with Iran. Schimm er was sent to Washington to obtain this Gobanifar also made a total of four trips to banifar represents the line held by the Prime Minister which "Moderate." (We did not tell him that the Prime Minister. could not be considered as Moderate.) By way of personal relationships, Roy-

Partially Declaration (Actased on 39 June 1987) under provinions of E.G. 12356 by B. Reger, National Security Council

TS 3536-86 Copy 1 of 2

CL BY SIGNER DECL GADE FM SISR VOL I

# UNCL<del>ASSIF</del>IED

said that he has known Khashoggi since 1966 and trusted him. Boy added that schimmer and Khashoggi are close. Boy thinks this points up Khashoggi's breadth of wisits pointed out that Schimmer had actually returned from a visit to China to make the August meeting.

- 3. The first transaction was in September 1985 and was for 500 TOWs. The cost of the TOWs was \$5 million. Khashoggi put up the money because he believes in Ghobanifar. The cost to Iran was \$6 million. This allowed for \$1 million to cover profit and expenses. The first shipment of TOWs was defective; so a second shipment was sent. There was a subsequent \$5 million dant that they were not involved, but Roy is certain that this was a 0196 Khashoggi/Ghobanifar organized deal.
- 4. Roy said that prior to the next deal, there was a meeting in the Paris airport hotel; he forgets or never knew exactly who was involved in this meeting. The meeting ammagned Hawk space parts. The deal for the Hawk space parts began to be put together in April. 1886. Khashoggi raised \$15 million to cover the deal \$5 million from an Arab financier, and \$10 million from two Canadians. Khashoggi raised the money on 13 May. A group of Americans went to Tehran and took with them seven percent of the Hawk space parts which consisted mainly of wots and bolts. With regard to this deal, the financiers, Ghobanifar, and Nir met and agreed that \$3 million would be added to the price to cover profit and expenses and also another \$2 million would be added to cover monies owed to Nir. The price to the Iranians Would then be \$20 million. (Why did Ghobanifar charge \$24.5 million and with Nir's knowledge?) Neither Roy nor the financiers apparently know anything about the raise in the price by Ghobanifar, although they are aware that the Iranians objected strenuously to the price. Ghobanifar told Roy and Khashoggi that he believed the bulk of the original \$15 million price tag was earmarked for Central America. In this regard, Ghobanifar told Roy that he was relieved when the \$100 million aid to the Contras was passed by Congress.
- 5. The above requires clarification. In Tehran, Ghobanifar took Cave aside and told him that the Iranians would be questioning him about the price of the Hawk spare parts. Ghobanifar told Cave to insist that the price of \$24 million old dollars is correct. When asked about the huge jack up in price, Nir gave a long circumlocution on why the price of over \$24 million was correct. We were so concerned about this that we considered telling Ghobanifar exactly how much he could charge on any subsequent deals. From Roy's comments, it is clear that the 20 percent interest Ghobanifar told us about is in fact the gross profit margin agreed upon.
- 6. Roy said that Ghobanifar told them that he received two payments, one for \$3 million and the other for \$5 million. As originally agreed upon, the Arab investor was supposed to get back \$6 million for his cut and the Canadians would get back \$11 million. The other \$1 million was to go to Khashogdi. Ghobanifar's cut was to come out of the \$1 million. To the \$8 million that Ghobanifar received, he added \$100,000 of his own funds. The Arab investor was paid off (\$5 million)— The two Canadians received \$1.1 million. Roy was not sure but presumably—them\$2 million went to Nic.

IINCI ASSIFIFD

# UNCLASSIFIED

1 0197

Originally, the Canadians were given a check by Khashoggi in the amount of \$11 million to cover the \$10 million they provided Khashoggi. The monies to cover the Hawk shipment were paid into an account of a company called Lakeside which is an off-channel company. The Canadians believe that the money was stolen and this is giving Khashoggi heartburn. (Note: This does not square with what we know. We know that Ghobanifar received \$4 million from the Iranians in July. He also received \$8 million into his Swiss bank account on 21 August. These two payments were cash. He may also have received a check for \$6 million in between these two payments. The Iranians raised a big stink about the price of the Hawk space parts and Ghobanifar offered them a \$6 million deduction. According to the \$8 million payment on 21 August squared their accounts with Ghobanifar by mutual apreement. In fact, according to \$7 million covered the remainder of the deal, the other million was to help Ghobanifar finance the next deal.)

7. Roy's suggested solution to the problem is to let Ghobanifar handle the shipment of the remainder of the Hawk spare parts. Proceeds from this deal would allow them to ease the Canadian pressure. Then it would be 500 TOWs for one hostage and another 500 TOWs for a second hostage.

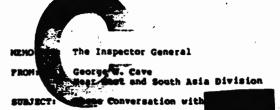
Sincerely,

Willian J. Casey

# UNGLASSIFIED

4019

24 Pebruary 1987





The Farsi conversation on tape eight, side brave, is a recording of Cave's November 25th call to in which Cave proposes a seeting in Europe in which a senior State Department officer will also participate. The exact time and place of the seeting to be set in a future phone call.

only comment was that setting we give them a priering on the "atmosphere" in thington.

George W. Ceve



Parually Declassified/Released on 29FEB EB under provisions of E.O. 12356 by K. Johnson, National Security Council

WARNING NOTICE INTELLIGENCE SOURCES OR METHODS INVOLVED



UNCLASSIFIED

1528/A

Schibit 14-A CAVE

# UNCLASSIFIED

irector of Central Intelligenc

12/12/86 C 09532

Chapter 14 Fourwrote 204



NIC 05623-86

of Central Intelligence

National Intelligence Officer for Counterterrorism

NEUECT:

FROM:

Terms of Reference for Cave/Durbar Discussions

1. The terms of reference (TOR) approved by Armacost for the Cave/Dumber iscussions with the Iranian Revolution my Guard leader in rankfurt-if implemented-will effe by shut down the Iranian thitiative. that this channel can only be used any other substantive exchanges. n the TOR, the Department makes it or the exchange of intelligence, no the Iranians—other than ince there is little that we can pas stelligence on the Soviet threat-ti mians are unlikely to find this of sch interest, given their almost to bsorption with Iraq. Five defining what corption with Iraq. From the tone f the TOR, it is clear that the Dep onstitutes an intelligence exchange.

2. Uhless the Department has a period alternate strategy and other able channels to pursue, closure of link would be presature and a ricus mistake. We have reason to believe that this channel runs directly to fsanjani and that it probably is relatively reliable. It has been strumental in securing the release of one American hostage and, given the lividuals involved, may be key to effecting the release of additional stages. The individuals with whom we have been dealing, moreover, clearly it repprochement with the United States. They recognize that Iran has been nomically devastated by the war and that it will require Western financial sport and technology to fecover.

3. I believe it is imperative that the TOR be modified to the changes on issues broader than intelligence and that a desirable state iter should participate in these discussions. No one que to State ing the lead in the Iranian initiative, but acceptance of Say, TOR, as rently constituted, would essentially end any useful district with an for foreseeable future.

Charles Ulen

CIIN 4033

INCLASSIEIED CAR

Supplies Registry /8055

Pathological Communication of the Communication of

3

# UNCLASSIFIED

c 09533

Material Not relevant to time period.

UNCLASSIFIED

18,224-18,228



### U.S. Berezic

D Iran Provides funds for 500 Tows



- Dury We Decree Flore + 1000 + (500)
- ) Are American Hospaces Persone

TEAN ROOMES FLUET FOR 1500 TOWNS

- ) WITHIN 9 DAYS WE WILL DELICER
  - \* 1500 TOWY
  - . Technical supposer for Howks
  - ORDE GOODSHIP GOODS ON TORO
  - · Communications Team

Partially Declassified/Released on 2970888 under provisions of £ 0. 12356 by K. Johnson, National Security Council

- MENT WELL THEN
  - · Recess Ams
  - · BLENST BOOK OF BACKER
  - . BEDIDE DEA OF BRIEFA DEBRIEF
- ) 4.5. WILL THEN
   TENTY SOURCES FOR OTHER TOWNS, ON LIFE

# UNCLASSIFIED



EXN 40

AG. By US - LIST WILL BE SEEN AS DISENCENUOUS, IE, DISMAST

- 45 INTERESTS ARE ONLY STRATEGIC
- HOSTAGES ARE OF NO VALUE
  TO IRAN
- US ALRENDY PRESSIAG KYUNT, WILL NOT THE THIS TO US HOSTAGES
- AS I SHID IN BRUSSELS,
  US WILL FIGHT RUSSIANS IN
  IRAN IN CASE OF INUBION
  WITH OR WITHOUT GOV'T OF
  IRAN ASSISTANCE,
- WE WILL COUPERATE TO DEPOSE S, ALUSEIN.





Translation by Albert Hakim of the Farse Original of the "9 Points"

Note: The date is the 16th day of the 7th month of the Iranian year which I believe the transfer to 8 October 1986, but needs to be checked. It also indicates the discussions started in the afternoon and lasted until late at night.

#### Summation of Us and Hakim

- Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the Hawk spare parts which remain from the previous agreement.
- Nine working days from now the 500 TOWs and the Hawk spare parts (if accepted by Iran) and the gifted medicines will be delivered to Iran.
- Before executing Item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).
- 4. 1 1/2 (1 definitely and the 2nd with all effective possible effort) American hostages in Lebanon, through the effort of Iran, will be released by the Lebanese.
- \*5. Using the Letter of Credit method, (three to four days after delivery of shipment stipulated in Item 2) additional 500 TOWs (together with a maximum of 100 launchers), within four days after the execution of Item 4 above, will be delivered to Iran. The method of Letter of Credit will be reviewed between Albert by tomorrow night. Iran will pay the funds for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) and the 1000 TOWs will be delivered to Iran within nine days.
- The United States will start with the technical support of the Hawks (material and know-how), update of the military intelligence and maps, establishment and commissioning of the special communication link,

UNCLASSIFIED

Partially Declassified/Released on 211-0568 under provisions of E.O. 12356 by K. Johnson, National Security Council

---

EKNIBIT (CAVE)

UNCLASSIFIED

Charter 14, Touthote 6
09341
C 10/8/86

8 October, 14# 6 Evening until midnight

. Iran would pay to Mr. Hakim the price of 500 TOW iles],--and if so desired--the Hawk parts that remain from our agreement.

Min days later--should Iran agree--five 100' ell as Hawks together with donated medicines to Iran. fulfilling the provisions of paragraph number submit the plan for the release of the Kuwaitis

[17 persons].

4. One and one-half American hostages in Lebanon (one with certainty and possibly two through persistent effort) [sic] to be released from the Lebanese through Iran's effort, (3-4 days after the delivery of the cargo mentioned in paragraph 2).

5. Through a method for opening of credit to be studied by Albert and tomorrow night: Five hundred TOW missiles with a maximum be hundred launchers to be delivered to Iran within provisions of paragraph TOW's (500 received and And the 1,000 TOW's will be livered to Iran within nine days.

6. The United States she tart and implement the technical support (both in g and expertise) for Hawks as well as the rejuvenation of ary information [intelligence] and maps and special communication. And it [the U.S.] will submit to lran the price schedure and time table for the delivery of

delivery of items.
7. Prior to return of to Tehran, the question of Huslin (Shi'a) prisoners in tebanon and the process for their release by the parties involved shall be discussed with Second.

8. Iran shall pursue its efforts for the creation of [proper] background for the release of other hostages.
9. Steps to be taken for the submission of items mentioned

paragram 6, second sentence.

E N D

4444

SECRET

THIS IS FIRST ORAFT OF 9 DOING THERE ERE SUBSEQUENT REFINEMENTS WHICH ARE MY QUARTE

CIIN 3961

UNCLASSIFIED

Cucation Registry 19653

Partiany Dodle, siffe\_r, lease\_nn\_care\_ -rrep provide -1 E.0, 1256 Fy B. Regr, taltonal Sourity Ocuri A Exhibit 18-A (CAVE)

NIC 05060-86 \*\*\* 3 Havenber 1986

MEMORANDUM FOR: Director of Central Intelligence

FROM:

Charles S. Allen

SUBJECT:

Frankfest Meetings

Bud MacFarlane's trip is becoming known: visit. The problem stems from the redicals erosis Montasari taking action. They have convinced him that this was bad for Iran. Interestingly enough, it turns out that the there to a sound to the transactions and kept him briefed on what is going on. It turns out that Gobanifar and Montazari have been friends for 15 years. The said that the reasons for the failure of the Bud trip were several. One was that the trip had not been fully coordinated at the senior level. One of the problems was Ghobanifar's presence in Tehran and the role he played. Most people do not trust him, but he has convinced that he has a lot of influence in the United States. The lot of faith in Gobanifar. The other problem was Amiran Mir's presence is Tahan told them who he was in order to cover his backside. Argued that since Gobanifar

he was someone that they should use. From com-was given to believe that Ghobanifar was quite a powerful man. With further regard to Ghobenifar and his threats, Rafsanjani has proposed inviting him back to Iran and keep him there several months working on things. They can keep him based on the fact that there is an order for his execution. said that the do owe Ghobanifar \$10 million, but he also owes them 1,000 TCMs. The problem for us is that he has been involved in many deals and we do not



by B. Regir, National Security Council

DOCL OADR

--. 1 #no LIL

# ~ UNCLASSIFIED

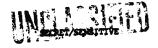
3. Ollie North said that since the beginning of the talks we have taken certain political actions. We have talked to and pressured them into curtailing arms sales to Iraq. We have opened discussions with the said that there were four issues that he wished to bring up for discussion, but first he wanted to say that Knomeini has issued a decree in which he states his considered opinion that the hostages are prisoners. This has changed the attitude of the Lebanese captors. said that they wish to table the following points for discussion:

- $\lambda_{\rm s}$  . How to proceed with our relations, and relations with other states in the area.
- B. Want to arrive at a joint understanding as to Why things are proceeding so slowly.
  - C. He wants to explain and clarify his own role in the operation.
- D. He wants both sides to wants in an analysis of the security of the speration.

that with regard to the 9-point program, we were moving as fast as possible and they must also move fast, too. Said that he has full trust in the group he is dealing with and wants to explain the problem of coordinating things in the Iranian Government. We must understand that this is a new revolutionary government. After Khomeini, it is like a corporation. There are three wings in the government. One wing is the famatic wing (Tondro). This wing is actually divided into two groups, one of which is extremely famatic and the other which is less so. The second group is the Hiddle Roaders. Rafsanjani is the leader of the Hiddle Roaders. This group functions as the bridge between the famatic group and the right wing group. The right wing group leans towards the West in the sense that they want free trade and a democratic government. What must be understood is that all three groups are strongly Islamic and want an Islamic government although all three approach this differently.

5. Said to understand the government process, we must know that Rhomeini has given to Rafsenjani the responsibility for managing the war and foreign affairs. This is why he is usually referred to as the number two man. When the first brought up the issue of better relations with the JUS, Rafsenjani agreed, but said that all groups must take part.

Rarsanjani insisted that representatives from all three groups should take part in this program. After considerable debate in the cabinet and also the Majlis, a position was reached and took it up with the Imam who gave his approval. Rafsanjani's position is that



ATEN # NOLL

if the policy succeeds, all will share. On the same hand if it fails, all will also share so no one can complain. The problem is one of coordination between these three groups. Stated that the last shipment of Tokellaminates the channel and establishes his group. eliminates the channel and establishes his group. All said that the Iraqi information was very well received in Tehran. This enables them to force the cabinet to focus on the hostage situation. There is, however, some confusion in Tahran.

6. The problem of Montagart. y, or course. wars Unaware that Ghobanifar had been keeping his prier the United States and Iran are cooperating in getting the boatsquareleased.

Said that at the moment they have no hard information on who took the other two hostages, but he suspects that it could be this radical Hizballah If the which they revealed that

group.

2. In one of his many saids to Clarke, said that he was concerned about North's demand for release of all the hostages. This could be a problem



ould be arriving in Durope on 31 October. said that they went to move things along and hope that the release of two more hostages will help. The perception in Tehran is that the American leadership is in fear of soving things along too fast. They interpreted our original seven points as a demonstration of extreme caution. The US side defended this caution by pointing out that the bottom line is that they released two then took two more. added several points he wanted to discuss as follows: Kuwaiti prisoners, cameras for RF-4's, and a list of Phoenix spars parts. said that the Iranians have 70 Phoenix missiles which are imoperable and in need of spare parts. Rafsanjani himself is personally interested in the Phoenix problem. This is because the Iraqis have enormous respect for the Phoenix. They need help to repair the missiles on hand as they know it is impossible to obtain new ones. Technicians to help on the Phoenix missiles would be seen as a very positive step in Tehran and could well resolve the whole hostage problem. Resolve that they have enough TOWS for also said that they have enough TOWs for pintage emphasized that the sending of things od intentions. We told that it might be current operations. At this point an emphasized that the sending of things to them have proved the US' good intentions. We told that it might be some time before we could organize the technical support they needed, but we thought such support was essential as their orders for spare parts do not make sense. In fact General Secord believes that it someone were to get into their leministration remains he could probably locate large numbers of spares that they do not even know they have. The asked if we could do anything about the 20 Chisooks that have been embargeed in Italy for three years. The FBI is also holding \$20 million that Iran went to court for and won the case. We asked him for additional information on this case and some documentary support so that we can follow it up.

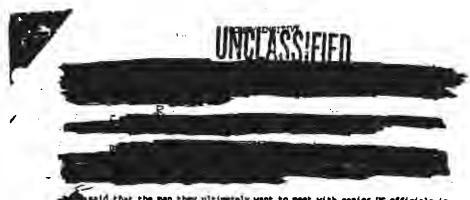
10. In another aside, the stated to Clarke that they feel they must have pilotiess drames to give them the kind of intelligence coverage they need. He wonderned if they could buy some from the Israelis. This may be an omning for Mir. I also told us show the state of the same they are buying from Although they are supposed to be deployed to cover the Soviet Union, in fact the technicians are installing them along the Iraqi border.

11. and that a four-man committee has been formed in Tehran to oversee their relations with the United States. They are as follows:



CIIN #0264

eger/spertsive



said that the man they ultimately want, to meet with senior US officials is

role in this is somewhat foggy. It is the only one of the four that knows of his raid. The best way to describe him is that he is Rafsanjani's window on the operation.

Charles E. Allen

ATTAI #OZLU



STENOGRAPHIC MINUTES Unrevised and Unedited Not for Quotation or Duplication

# UNCEASSIFIED

HSITS 0034 187

~D.C.. M

Deposition of

1/CAT F Vinishing Kallows

Select Committee to Investigate Covert Arms Transactions with Iran, U.S. House of Representatives Washington, D.C.

Friday, May 1, 1987

#### Committee Hearings

of the

#### U.S. HOUSE OF REPRESENTATIVES





Partially Declassified Released on 130 July 19 Under provisions of E.O. 12356 by B. Reger, National Security Council

OFFICE OF THE CLERE
Office of Official Reporters

UNCLASSIEDED

COPY NO. 3 A OF 34 DOPE

# TOP SECRET

TEIN 1

LAS-1 2

10:00 3

Deposition of



Select Committee to Investigate Covert Arms Transactions with Iran, U.S. House of Representatives Washington, D.C.

Friday, May 1, 1987

The Committee met at 10:00 a.m. in Room B-352 Rayburn House Office Building.

Present: David Pearline; Tom Polgar; Kathleen McGinn; Paul Barbadoro; Neil Eggleston; and Richard Giza.



1 2

Whereupon,

3

4 5

6 7

8 9

10 11

12 13

14 15

16 17

18

19 20

21 22

23 24

25

having been first duly sworn, was called as a witness herein and was examined and testified as follows:

#### EXAMINATION

RY MR. BARBADORO:

ō. Could you state your full name for the record. please?

Have you used code names in your capacity as Chief of the Central American Task Force?

Operationally aliases, yes.

Could you tell me what those names were?

used almost exclusively with the Nicaraguans and for travel outside of Nicaragua to Central America to include

used only to travel exposed outside that.

> Did people here in the United States know your Q

alias?

It is pretty widely known, yes.

Did Oliver North know your alias?

Yes.

Did he ever refer to you a

2

not

# TAPLASSIFIED

| 2  | A To me or to other people?                           |
|----|---|
| 3  | Q In your presence.                                   |
| 4  | A Yes, I think as best I can recall.                  |
| 5  | Q When did you become head of the Central American    |
| 6  | Task Force?   |
| 7  | A 9 October, or thereabouts, 1984.                    |
| 8  | Q What did you do immediately prior to that?          |
| 9  | A I was on a brief the state ohe IG staff doing a     |
| 10 | routine inspection of                                 |
| 11 | Q And prior to that?                                  |
| 12 | A   |
| 13 | Q How long were you                                   |
| 14 | A Three years, 1981, roughly June to June, 1984.      |
| 15 | Q During the time that you were                       |
| 16 | were you involved in any solicitations of             |
| 17 | anyone in the state of the provide money or           |
| 18 | assistance to the contras?                            |
| 19 | A No.   |
| 20 | Q During that time were you aware of any solicitation |
| 21 | by any U.S. Government official to to provide         |
| 22 | money or assistance of any kind to the contras?       |
| 23 | A No.   |
| 24 | Q During that period of time were you aware of any    |
| 25 | offers that were made by anyone in                    |
|    | LINCI ASSIFIED  |

## TOOPLASSIFIED

in the United States Government to provide money for assistance to the contras?

A No.

Q Have you since learned that people in the approached United States Government approache

to request aid for the contras?

former

National Security Advisor McFarlane says that he approached

or discussed with

I have

heard speculation at various times -- I heard speculation at various times that toney may be going to the contras, but the first time I read y knew something that would be official or definitive was the announcement by McFarlane. Prior to that time I just heard rumors that were floating around town.

Q Can you recall from whom you heard these rumors?

A I can't. Rumors occasionally came up in the newspapers and were speculated on, but no one was whispering saying so and so was getting something from the contras.

As you speculated as to where funding for the contras might be coming on that focused of the contras with big bucks.

Q Did you see cable traffic or CIA intelligence reporting suggesting that the contras were receiving support

LINCUASSIFIED

3

1

2

7 8

10

12

14

15

16 17

18

19

20 21

22 23

24 25

### THE SESTIFE

2

Not that I recall.

3

Did you discuss with Director Casey about

providing assistance to the contras?

5

6

7

9

10

11

12

13

17

18

19

20

21

22

23

24 25

I think that as we looked at or discussed the issue of where private funding could come from if we got approvals to solicit funds from third countries, and at some future date -- I said I would be willing to participate based on my knowledge of them and where they were coming from but that was always in a future context of if the law changed and we could solicit. In discussions at the RIG meetings that took place, particularly after State Department was authorized to get into the game of solicitation in the 1986 time frame. I, a couple of times, mentioned and other

as a potential donor and said if CIA made the approach I was pretty sure they would provide such funding.

using I mentioned using as an intermediary which has a lot of money, but you can only do that They generally follow through

But never in terms of money is going to the contras from or ongoing solicitation.

You have described discussions with Director Casey in which you mentioned the possibility that

LINCLASSIFI

## THE RESIDED

might be a government to approach for aid to the contras.

6

2

4

5 6 7

8

10

11

13 14

15 16

17 18

19

20

21 22

23 24

25

A They would have taken place in the spring of 1986 or thereabouts when we were contemplating what would happen in legislative changes looking at future planning. I don't remember the specific discussions, but I am sure I

- Q Do you recall any discussions of that sort in 1984 or 1985?
  - A No. None that I can recall.

When did those discussions take place?

Q And your discussions at the RIG meeting about white discussions that would have occurred some

time in the Spring of 1986?

mentioned that.

- A Or in the late fall of 1985 and they were informal musings, not serious planning.
- Q In 1984 and 1985, what did you understand was the situation regarding the legality of CIA officials being involved in soliciting aid for the contras from third countries?
  - A That it was illegal until October 1986.
  - Q What is the basis of that understanding?
- A That is statutory language in the Boland Amendment and its subsequent successors governing aid to the contras.
- Q Do you recall reading any memoranda prepared by OGC attorneys discussing whether soliciting aid from

TINCH VECIFIED

### **DAGLASSIRET**

third countries would be legal?

A I don't specifically recall reading one. Vaguely in the back of my recollection I think -- and I emphasize think -- that this was a discussion when we were first looking at the Boland Amendment in the fall of 1984 and figuring out what was legal or not, what we could cr couldn't do.

I think that was one of the topics that was discussed at that time, but it was clear from the statute and from consultations that it was not legal from 11.

October 1984, the implementation date of 9 October 1984, until the current legislation was enacted in October of 1986.

I think it may have been discussed to answer your question.

Q Okay. Are you aware of any overtures that were made to third countries for aid to the contras by anyone at CIA between January 1, 1984 and the period in time you just specified in 1986 when it became legal to solicit aid, are you aware of any overtures by any CIA official to solicit aid to the contras from third countries during the period of time when it was not legal?

A I am not aware of any such direct or indirect sort of solicitation by CIA officials.

Q Let me --

A No one has told me and I don't have any reason to believe that anybody went to anyone and said will you do

HIMM RECHEIFT

1 2 3

### DNPLASSIRET

this or that or can you do the other thing.

Q Let me ask you about specific countries. Do you know whether anyone from CIA approached

request assistance for the contras from

January 1, 1984 to December 30, 1985?

A If you were to ask me that question two days ago,
I would have said no, but I have subsequently learned that
some time and this is hard core hearsay, some time in the
spring of 1984 one CIA officer did go to and
perhaps discussed the issue.

Q Is the basis of your knowledge a memo f Director to Robert McFarlane that discussed that?

A The basis is a discussion that came from having seen that memorandum and a discussion of testimony that may have taken place.

Q Do you know who that officer was?

A I know who he is alleged to be and I want to emphasize this is hard core hearsay. I didn't know this until a few days ago and have never heard it from the officer himself.

Q Who have you heard it from?

A From my compliance officer and my staff that processed the papers and he said did you know that. And I said, no, I didn't, and I -- that is sort of the way I heard it.

#### IIMAI ACCIEIED

# THELASSIFIED

9

| •  | Н |
|----|---|
| 2  |   |
| 3  |   |
| 4  |   |
| 5  |   |
| 6  | l |
| 7  |   |
| 8  |   |
| 9  |   |
| 10 | I |
| Ħ  |   |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 | I |
| 16 |   |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 |   |
| 21 |   |

22

24

25

| Q | Okay. | That | is |
|---|-------|------|----|
|   |       |      |    |

A Yes.

Q Do you know of any approaches that were made to

the same time period by any CIA official?

- A Not during the time period im question, no.
- Q That would lead logically to the question of what period of time are you aware of such overtures?

The Director had discussions with interlocutors who were not from but who were but who were connected with after the enabling legislation of October to review whether or not they would be willing to provide assistance and one of my officers went to New York to meet with the individual in question, and then when the Director took sick and the investigations began. We didn't pursue it any further.

- Q Give me your best estimate of the time when these overtures were made.
- A Late October, early November 1986. It would be a matter of record in the agency. I don't remember specifically
  - Q Who initiated this overture to these interlocutories
- A Director Casey, and then from my staff made the trip to New York for the meeting.
- Q was this after the time that the Congress had voted \$100 million in lethal assistance?

**IINCI ACCIDIEN** 

# DNELASSIFIED

10

| 1  | A Yes, and to the best of my recollection, after            |
|----|---|
| 2  | the legislation had been signed into law because there was  |
| 3  | a good deal of discussion by the Director of the propriety  |
| 4  | and legality of the move at the time. We discussed can we   |
| 5  | do this thing now, that kind of thing.                      |
| 6  | Q At that time were there any discussions with the          |
| 7  | Director about earlier approaches to that had been          |
| 8  | made by anybody to solicit aid for the contras?             |
| 9  | A Not in my presence.                                       |
| 10 | Q Are you aware that General Singlaub approached            |
| 11 | officials of  |
| 12 | the contras?  |
| 13 | A I have heard that.  |
| 14 | Q How about   |
| 15 | aware of any Overtures by any CIA officials to obtain       |
| 16 | from January 1, 1986 until                                  |
| 17 | October of 1985?  |
| 18 | A No. I am not aware of any such overtures.                 |
| 19 | Q Do you know whether                                       |
| 20 | was provided money or support to the contras?               |
| 21 | A I don't think they have. I don't know that they           |
| 22 | have and it is my recollection of the intelligence over the |
| 23 | past couple of years that they haven't. But I am not        |
| 24 | certain about that. I would have to go back and research    |

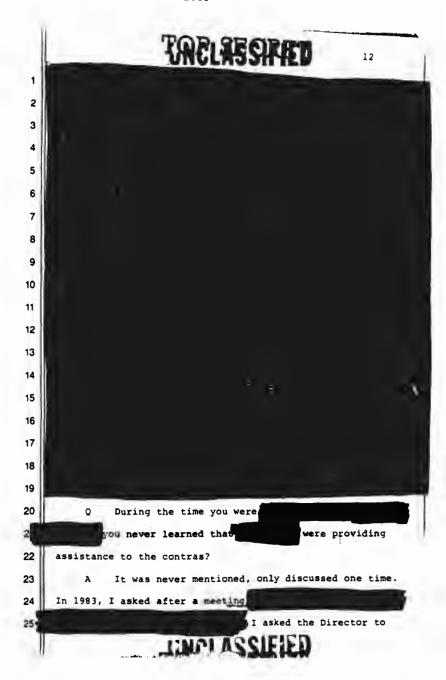
MILE ACCIDITA

25

that.

# UNCLASSIF!ED

page 11 deleted



say a few words about Central America becau

## UNCLASSIFIED

13

3

that the issue was ever discussed with a CIA official.

Q When was that?

A 1983, when the Director visite in 1983 and the Director did not initiate the subject. I

were interested and that was the only time in my presence

Q How did you know were interested?

asked the Director to say a few words about it.

A They would ask me about it, because it was a subject in the news and also because we were directly competing for resources from Central America and they were aware there was a major thing going on and at times I couldn't do things -- I would say I can't get that done because you are competing with Central America.

That was significant because it was a shift in our policies and our priorities from the 1978, 1979, 1980 time frame, when

was the top priority and we could override anything in terms of assets to get something done and that changed.

Why did it change? I asked the Director to say a few words.

Q During your discussions with these officials about Central America, you didn't ask and they didn't offer to provide assistance to the contras?

LINOI ROCIFIED

10 11

12

13 14

15 16

17 18

19 20

21 22

23

24 25

### TARLASSIRET

14

2

1

3

8

10 11

12

16

17

19 20

21

22 23

24 25

|     | A      | I never asked and didn't receive nor did I have |
|-----|--------|---|
| any | indica | rion from any                                   |
| aid | going  | to the contras until I read that article.       |

- Were you present when the Director met with discuss Central America?
- He didn't meet with them to discuss Central America? He met with them to discuss a range of activities. I asked him to say a few words about Central America. He did not bring the subject up.
  - When he mentioned the contras, were you present?

I was there, yes. I was sitting right there and

- I asked him to mention it. I asked would you please say a few words about Central America because I know that Mare concerned and interested in it. He gave a five minute presentation about Salvador, Nicaragua and what our concerns were and cast it not in an operational mode, but in a geopolitical mode.
- And the Director did not ask not offer to provide assistance to the contras?
  - Not in my presence and not that I am aware of.
- Prior to accepting the job as head of the Central American Task Force, did you meet with Director Casey about taking that job?
- No. He told me that he was thinking about giving me about taking me off my projected assignment and giving me

### TING VECTEIED

# TASL RESPRET

another assignment; and I said can you tell me what it is, and he said no, not yet. I said, well, if you think it is important, whatever it is, I will do it, but you know I want to be and two or three days later I was called by Clair George and told I was going to take this assignment. I was not given a choice.

Q Did either Clair or Director Casey explain to you why you were chosen for this assignment?

A Not in specific terms, no. I mean, subsequently it was sort of said that I was a person that had the operational mix of experiences they were looking for, and was a person that the Director had confidence in and they thought could do the job.

I think it was important -- the operational mix is important because there aren't a lot of officers who have both agency, FI experience, military experience at sort of the right grade levels. There are only

Q But it is also true that you had no prior experience in Central America?

A No. That is not quite true.

Q Did you get instructions from Clair George or the Director as to what they wanted done with regard to the contras once Boland came into effect?

A I have got to think very hard on that. The --

### JINCI ACCIFIED

## THELASSIFIED

 That is an interesting question. The day Boland was passed my first action without referring to anybody was to write a cable, which you probably have which says from this point forward you have to cease and desist, et cetera. I was called to task by OGC for not coordinating that cable with them.

So the answer to your question in a specific term is no; but then over time we had a series of meetings, I would say, through the fall of 1984, where I began to develop a picture of what I was going to do. The first meetings focused on a definition of what we could or could not do in terms of things in the pipelines -- that is where I think we discussed solicitation, but I am not entirely clear.

I know we discussed defensive intelligence, whether or not that constituted indirect support. We discussed what things in the pipeline could go forward or not go forward to include the DC-3 we had bought, things or things at the forward end. There is a third issue we discussed, a specific issue. Intelligence, the DC-3 -- I can't remember what it was.

In each case, the fundamental decision was no, no, no; and the reason was that while each one could be argued legally they were politically sensitive, politically controversial. So we won't do it, we will back away.

INVITOCIETED :

## UNCLASSIFIED

And there we developed our operational philosophy that governs us for the next year-and-a-half and that was to take a conservative approach to all questions calculating not only the legality but also the political sensitivities; and if it was politically sensitive and arguable on the legal side, we opted not to do things, and we developed a very strict hands-off policy with regard to almost everything on the resistance.

Q Was your concern with political sensitivities concern that if the agency went too far politically it might endanger your ability to get the Congress to provide lethal assistance for the contras?

A Absolutely. We didn't want to prejudice -- from the very beginning it was known and understood by all of us that the Administration was going to try to reverse the decision about the contras and every decision taken from that point forward was aimed at two things, not prejudicing that decision, and preserving as much as possible within the frame work of the law something to work with in Nicaragua.

Q Once Boland was passed, did you pull CIA personnel

A We pulled them out and in other instances

Q Did you cease paying money to

TING! ACCURIED

## THELESCRET

18

We ceased paying money to anybody with any 3 director or indirect connection with the armed resistance, including people who had only minimal -- that was the other issue. We discussed whether we could pay who had terminated and was always and we decided that was controversial and didn't pay him. Had you previously been pays Q 10 We would have been paying him through the whole relationship with He was getting 11 appropriated money. 12 And payments stopped? 13 Payment stopped there, too. 14 Did you also stop paying 15 All the people in the FDN 16 continued to pay until later in the year. We stopped paying 17 him for different reasons. 18 Did you subsequently learn that Oliver North had 19 started seeing that these people got paid? 20 I have subsequently learned that, yes. 21 When did you learn that? 22 Let's take them one at a time, starting with 23 I learned that the private funding was arranged to pick up his salary in 1985 because 25

IINCI ACCIEIED

### UNCLASSIFIED

it was discussed and we discussed it when Congress cut it off in the context of the RIG and Ollie said I will see if I can arrange private funding.

- Q This was at what date?
- A I can't remember the exact date -- January or February of 1985.

Subsequently, as I recall, and I can't give you an exact date or pin down the conversation when and where it took place, Ollie said he had done it and subsequently

confirmed it

- Q Did you have an idea where the money was coming from?
- A No, I suspected, as I did with most of the funding that I knew Ollie was arranging for, coming from private donors in the U.S. That was as much as Ollie ever said.
  - Q Did you know how much he was paying
- A We probably did. I don't know but probably we knew what the general figure was.
  - Q Continue with the others.
- A Adolfo Calero, I think it became obvious that the FDN had access to money and fairly large money as 1984 turned into 1985. At no point in time can you say, aha, look at that, they have got money. The way it came around was, oh, my, bok at that, they are not starving to death and they are operating. That means they have got money. And

#### IINCI ACCIEIED

.-

## UNCLASSIFIED

then how much money. Look at the arms purchases coming in, it was kind of a cumulative thing. We began to understand they had sizeable money and were able to calculate at that point in time. We knew Calero had money. Simultaneous with that, I began to develop a very clear understanding that Ollie North was in the link somehow.

I thought it was analogous to the quarterback on the sideline of a football game, flashing signals and getting things and acting as an interested but not directly involved intermediary.

Q Did North ever let you know that he had played a role in obtaining funding for Calero?

A He let everybody know. As time went by, it became less and less of a secret. By spring of 1985, there was almost no one in Washington that cared to know that didn't know that Ollie had some role or responsibility for that.

Q Did he tell you whether the money was coming from private U.S. donors or from overseas donors?

A He always implied that it was coming from U.S. donors. He never talked about it and I never really pushed him nor asked him about it.

Q About where the money was coming from?

A No. And he never volunteered that and I never asked him. That was up until some time in 1986. Some time

#### TING! VCCILIED

in 1986 Ollie mentioned a couple of times, once again, you

21

put me on the rack and I couldn't tell you exactly when or 2 3 where, meetings with David Kinche, in the context of his terrorist role. And the possibility of a French banker, 4 not further described, providing money for the resistance forces. 6

Did he mention it in connection with his terrorist role, he said something about his role in --

Kimche's anti-terrorist role. I remember him saying when the contras were starving to death in the summer of 1986 he said, gee, maybe there are people in France who want to give some money to the resistance forces.

How did Kimche's name come up?

He said a couple of times I am meeting with David Kimche on terrorist things.

How does that relate to the French banker --

I am an intelligence officer, in the back of my mind was -- Kimche, I wonder if he is hitting the Israelis up. I began to develop a question in my own mind, which I never asked. He mentioned a French banker and I never followed up. I always wondered about that. Why does Kimche stand out in my mind? He is a heavy hitter in the Israeli equation. I thought it strange that Ollie was dealing with David Kimche. That is something that as an intelligence officer would catch your attention, and caught

TING! ACCIEIED

. # 10

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

mine. I know David from my experience

## THELESSPIELD

22

2

3

4 5

6 7

8

10 11

12

13 14

15

16

17 18

19

20 21

22 23

24 25 who and what David is, and I know that is significant.

Q Did Ollie mention Kimche's name in connection

- Q Did Ollie mention Kimche's name in connection with the Iranian arms deal?
  - A No.
  - Q you recall two RIG meetings where paying was discussed?
    - Not two. I recall it being discussed.
- Q There was a meeting where it was discussed where Ollie said I think I can get funding from private sources and then --
  - A Where he said I will take care of it, yes.
  - Q The time of those meetings was --
  - A The first quarter of 1985.
- Q Do you recall whether Elliott Abrams was present at the meeting?
  - A Elliott was not in the position then.
  - Q Who was head of the RIG at that point?
- A It would have been chaired by Tony Motley, but
  Tony didn't play a heavy game in it. It would have had
  Art Morrow, me, Nester Sanchez and/or -- well, Nester
  Sanchez -- Jim Michel played a more significant role in
  the equation, and Ollie with NSC. And it met more in those
  days, the RIG did, in terms of the legislation than it did
  in terms of the RIG. We talked about that before. And it

MCI ACCIPIEN

#### TWELASSIFIED

 was -- the RIG really was reactivated in January of 1985 as we went into the end of the six month period and the Boland Amendment and the up or down vote of the unfencing of \$14 million and it grew out of a legislative group at that time. But it was in that context that there was discussion.

Q Did you ever become aware that Ollie North was getting funds for

- A The answer to the question is yes.
- Q When?

A That is what I am going to tell you. I recall
Ollie mentioning it once or twice. I never believed it.

I never believed him because, A always seemed to
have no money; B, he poor-mouthed himself; and C, after the
change in legislation in 1986, this was the change of the Intel
Authorization Act of 1986, in which the direct, indirect
language went away, we resumed funding

Mr. GIZA. Don't you mean 1985?

When the Intel Authorization Act changed. We resumed funding I didn't believe it. I said that doesn't make sense. Then confirmed it in public statements two or three months ago. Subsequently, in meetings has showed me invoices, so I knew about it, and I held the invoices and looked at them.

WCI ASSIEUD

## unelassitied

BY MR. BARBADORO:

Q When did Ollie mention that he was funding

A In 1986 sometime. Sometime in the first half of 1986, something like that. I didn't pay a lot of attention to it. It was not as significant in my mind as was and I just brushed it off.

Q But it surprised you because at the same time the CIA was providing funding?

A Yes. A, I didn't believe it; and B, I didn't think he needed it; and C, I don't know what the hell he did with it, frankly.

Q You weren't providing money to be used for military purposes?

A No. And to the best of my knowledge, based on our understanding of the military equation,

I don't think he was using it for that purpose

Q I want to go back to the period in 1984 when
Boland first became effective. Did the Central American
Task Force attempt to do any estimates as to what the
contras would need during the period of Boland to survive
and how they were going to get what they needed to survive?

.... UMQ' ^@CIEIED

#### TOP SECIPET

25

1

22 23

> 24 25

The Central American Task Force didn't do them. the DI did them. And it was a projection of what they would need, how long they would persevere in the field, what the Central American Task Force did was track their activity and what was happening on the ground.

I remember we had a graphic map where we changed colors either for the nightly or monthly and showed their withdrawal from Nicaragua. In October they were here and in December here, so they were almost all back -- we were plotting that and mapping their activities and tracking . their supply.

I remember specifically when we were surprised in December/January when things began to stabilize and the trend didn't get worse, because we were projected really bad things in sort of the second quarter of the fiscal year -- I was -- and it didn't begin to happen, and that is when we began to realize other things were happening.

- Calero began receiving a million dollars a month in July of 1984. When did you learn that he was receiving substantial amounts of money?
  - As I said, that was a sliding process...
- It became apparent not because you saw deposits, but because you saw activity that reflected money?
  - Α Yes.
  - When did you first meet Oliver North?

linci accifi**ed** 

# Unclassified

| ~ | Figure | race | Sebremper | OL | October | ΟĽ | 1984 |
|---|--------|------|-----------|----|---------|----|------|
|   |        |      |           |    |         |    |      |

- Q Did you meet him in your capacity as the Chief of the Central American Task Force?
  - A Either as Chief or -- it was as incoming chief.
- Q What did you understand his role to be on the NSC staff vis-a-vis the contras?
- A I understood him to be the focal point on the staff for Central America.  $\frac{\partial \phi}{\partial x} = \frac{\partial \phi}{\partial x} + \frac{\partial \phi}{\partial$ 
  - Q In 1984 how frequently would you meet with North?
- A Not terribly -- once every two weeks maybe, something like that, and during the 1984 time frame.
- Q Would these be at RIG meetings or at other meetings as well?
- A RIG meetings by and large. There were one or two of those. Largely RIG or legislative meetings. Maybe I didn't even meet with him that often. It was not often in 1984. That is when we were, as far as I was concerned, in the policy wilderness on Central America, and the RIG was hung up, as we discussed, I think because of personality conflicts between Constantine Menges, and Tony Motley and so on.

I don't recall a lot of meetings with Oliver in the last quarter of calendar year 1984.

Q In 1984, you were trying to acquire information about the status of the contras; is that right?

UNCI ACCIFIED

# Unclassified

27

| 1  | ١ |
|----|---|
| 2  | l |
| 3  | l |
| 4  | Į |
| 5  |   |
| 6  |   |
| 7  | Ì |
| 8  |   |
|    | ١ |
| 9  | 1 |
| 10 | l |
| 11 | l |
| 12 | 1 |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 |   |
| 17 |   |
| 18 | ۱ |
| 19 | ١ |
| 20 |   |
| 21 |   |
| 22 |   |
| 23 |   |

24

25

| Q         | Did you  | ever   | receive | any | information | from | North |
|-----------|----------|--------|---------|-----|-------------|------|-------|
| about the | status ( | of the | contras | ;?  |             |      |       |

- A I don't recall receiving any significant information in that time frame from North.
- Q When did you learn that the contras were purchasing weapons from Richard Second?
  - A You have got the exact date in a cable.
  - Q Let me show it to you. I would like to have

marked as 1 a cable dated March 5, 1985 and as-

2 an intelligence report signed by Clair George concerning

on behalf of the CIA.

Yes.

(The documents referred to were marked for identification as

Exhibits 1 and 2.)

BY MR. BARBADORO:

Q For the record, 1 is CIIN number 1280, as

Please take a look at both of them,

(Documents proffered to witness.)

BY MR. BARBADORO:

Q do you recall reading around the time it was produced?

A I recall reading it, yes.

INCI ACCICIED

# UNCEASSIFIEDT

Was that your first knowledge that Secord was

involved in purchasing arms for the contras?

A Yes.

Q When you read this, did you do anything to determine whether Secord was acting on behalf of the CIA? There was a suggestion in here that he was.

A We knew that he wasn't and I don't specifically recall, but I am sure I brought it to the attention of other people, and said, look at this. I assumed it was also Richard Second. And we -- I faintly recall sending out a cable saying that he wasn't operating on behalf of the CIA and I think you should have something like that.

Q I represent to you that I believe I have seen that. I don't have it with me today.

A I recall having said something like that knowing that he was not operating on behalf of the CIA.

Q Did you do anything to try to determine on whose behalf he was operating?

A Not that I recall, no.

Q Did you discuss with whether Secord was selling him arms?

A I didn't discuss with where he was getting his arms from during that time frame.

Q Did you discuss with North whether Second was working with him in getting arms for the contras?

IINGLASSKIED

## THE ASSOCIA

29

Not to my recollection. I stayed away from I didn't want to get involved and I must tell you that I knew that Ollie North would see that intelligence report, but I wouldn't jump up and down and say look at this.

- Speaking of Exhibit 2, which you characterize as the intelligence report, do you recall reading this at or around the time it was prepared?
  - Yes. I remember directing that it be done.
  - This was produced at your direction?
- In March of 1985, did you have any idea that Ollie North was playing a role in locating arms for the contras?
  - Playing a direct role?
- Any kind of a role in locating arms for the contras.

I assumed that he was playing an indirect role in facilitating support for the contras but I didn't know that he was playing a direct role or even if he was playing a direct role in arranging those sales or such. What I assumed he was doing, I emphasize assumed, was hedgo to arrange for funding, he go to arrange sort of, say, you talk to that person and he can do X and Y, as a facilitator.

- What is the basis for that assumption?
- It would have been observations and comments made --

TINU VOCALIED

12

13

16 17

18

19 20

23 24

observations of things, comments made by Ollie.

## Unclassified

30

2

3 4 5

6 7 8

10 11

9

12

14

15 16 sort of laid back

17 18

-19 -20 -21

22

24 25 Q Did you know that North was meeting frequently with Calero during this time period?

A Yes. He was the major admin contact for the FDN, and had a major role to play during that time frame with all of the resistance leadership. Certainly with other than the FDN, co-equal to and perhaps even greater than any contact CIA had at that time.

Q Was that a conscious decision on your part to allow North to become a primary contact with the FDN?

A Yes. There was nothing I could do about it.

There was nothing I could do to or for the FDN. All I could do was gather intelligence from them. Meeting with

any of the FDN was awkward and so I just



IINUI TOCILILL

31

| 2 |  |
|---|--|
| 3 |  |
|   |  |

1

5

6 7

Я

10

11 12

13 14

15 16

17

18

19 20

21

22

23 24 25

Did you know where they were getting the arms from?

When it would be delivered, in what ports and so on.

did you obtain more concrete information about what North's role was in supporting the FDN?

No. The reporting was largely exclusively and it would amount to, as I recall, and you have in your records a ship or a boat is coming in at this point in time with this on it and we are going to do this with it, status of their forces, in fighting, bickering and that sort of thing and not on where the funding came from. I assumed and I think that our reporting indicated that there were one or two people, probably only one who knew where the funding was coming from, Calero.

Possibly one of the accountants knew, but it did not go down into the rank and file. He kept it compartmented.

- And that was the source of his power?
- Yes, and that makes him a unique Nicaraquan.
- Exhibit 1, what knowledge Prior to receiving did you have of Secord?
- When he called me, I was aware of him as an individual in 1979, maybe, or early 1980, when he was the

TINGI LCOICHED

## THELASSIPLET

as I recall.

Arabian Peningula Branch Chief and he tried to convince me

He was in the military,

Deputy Assistant Secretary for International Security
Affairs.

I think he was a brigadier or maybe a major general. We had some fairly sharp words at that point in time.

It was a stupid idea and I told him so. And from that point forward, General Second never liked me very much,

Then I didn't have very much to do with him until



General Secord was at one of those meetings.

As I recall, it was a fairly frosty situation.

We didn't exchange many words. He went back to the Council
for Political International Security Affairs and that was

IINUI VGCILILU

## THE ASSIME

33

| 2  |  |
|----|--|
| -  |  |
| 3  |  |
| 4  |  |
| 5  |  |
| 6  |  |
| 7  |  |
| 8  |  |
| 9  |  |
| 10 |  |

11

12

14 15

> 16 17

18

19

20

21

22

23

24 25 that. The next time I saw General Secord was in December 1986 when we were both scheduled to testify before the Senate Intelligence Committee at the same time and he walked up the elevator with me. I shook his hand and said , and he said I know who you are. I would say he didn't like me, and saw me as a bureaucrat.

I didn't know him well and it was not a cordial relationship.

- Did you ever become aware of complaints that General Secord made about you to Director Casey?
- No. I have subsequently -- as a matter of fact, I am surprised Casey never told me that. I just found out that he complained about me to Casey. I know from being told about and seeing some of the infamous notes that he complained about me there as well.
- Casey never told you that Secord had complained about you?
  - No. Did he?
  - It is my understanding that he did.
- Just out of curiosity, can I ask you the nature of those complaints?

MR. BARBADORO: Off the record.

(Discussion off the record.)

BY MR. BARBADORO:

Did you know in 1985 when you read this cable,

INCI ACCIDIDA

## THOU ASSAFRED

Exhibit 1, that General Secord was somehow tied in or

34

2

3 4

5 6

7 8

9

10 11

12 13

14 15

16

19

20

21

22 23

24

25

connected with the Clines-Wilson Group? No.

You were not aware that it was rumored that he had been associated with Clines and Wilson in connection with the Eatsco matter?

I knew when I was that he was involved in the litigation and the allegation of the misuse of map funds for shipping things to Egypt, and that be subsequently resigned from the military, even though . he was sort of exonerated from those allegations.

I can't recall specifically that I would have known that Tom Clines and Edwin Wilson were involved in that. may in the recess of my mind have known that Tom Clines was involved, but not Wilson. It was not something that was sort of working everyday knowledge in my mind.

But I know Tom Clines and Wilson worked together.

and I know they are bad news and that they also were involved in a lot of other things because we worried about they were alleged to be exporting that bad things to Libya and had targetted

as an assassination target.

When did you become aware if you did, that Tom Clines was involved in purchasing weapons that were intended to go to the contras?

LINC ACCIDION

## TROLASSIPLET

35

A I don't know that I ever developed as clear an understanding as that would have led me to believe about

Secord, but it would have been later and based on snatches of cables out of maybe

You probably have seen those, where Tom Clines' name comes up occasionally.

I remember seeing those and wondering whther Tom Clines was involved in this whole process.

So I would answer your question, I never developed the same specificity or the same firm kind of understanding as I would have based on Exhibit A or 1 and 2. It would have been more circumstantial and it would have been in probably the April/May time frame of 1986, as I recall.

- Q Did you come into contact with Olivery North during the AWACs sale?
  - A No.
  - 0 Was he involved in that in any way?
- A I don't know. I met Oliver North for the first time in late September of 1984.
- Q What was the status of the Southern Front Military effort when you became head of the Central American Task Force?
  - A A mess.
  - Q How many troops were out on the field fighting?
  - A We never knew for sure because Eden Pastora

no

WILLIPS A COLLIED

24

8

9

10

11

12

13

14 15

16

17

18

19

20

21

22

23

## UNEL ASSIFIED

one believed his reprotong or what he was telling us. My guess is, and I think the estimate that we used, was about

\_

Q Was Pastora the principal military commander for the Southern Front?

A Yes, up to that time.

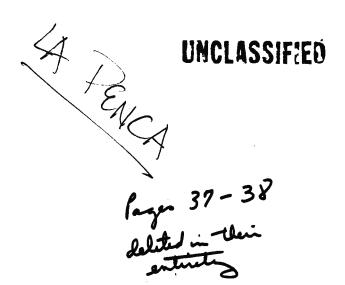
Q Was Negro Chamorro associated with him?

A Yes, until May of 1984, when ARDE split and Pastora went his way and Chamorro stayed with Rubello.

Negro Chamorro was a small part of ARDE. During a Southern Front when it was a viable

military force, they were working together

NAME OF CELEBRA



UNCLASSIFIED

1 2 3

9

 THELASSIFIED

The Witness. What I am telling you is as we began in the spring of 1985 to understand that there was going to be some legislation somehow for some kind of a program, this would have been in April-March. We had to discuss what to do with Eden Pastora.

He was very popular, had a lot of following on the

Moreover, because of his marrow personality and lack of managerial ability that we were faced with a hopeless situation there.

So I took the decision that we would do the most, take one of the -- what is the word I want -- one of the most frustrating approaches for Eden Pastora. It is kind of the one that was calculated to manipulate him in a particular way; namely, ignore him, totally ignore him. We would have nothing to dowith him. We would refuse to talk to him. We would refuse to be associated with him in any way, and we would just move him to the side, treatment as a non-entity, that he did not exist.

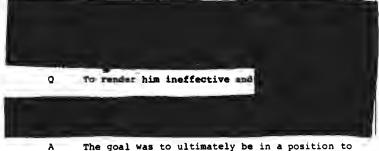
IMPI VOULLE.

 UNGLASSATIEN



of ignoring him and marginalizing him and it came back around to marginalizing him, which was my policy from A to Z. Because I knew that we could never deal with him.

BY MR. BARBADORO:



do that if and when we had the authorities to get back involved with him. Remember in 1985 we didn't have any authorities to do anything that supported directly or indirectly para-military operations in Nicaragua. So that was another reason for my ignoring and marginalizing

· ···· ···· IIINUI Võõikikib

## UNCLASSIFIED

him. I was manipulating and dealing with the situation actively in a way that was totally in compliance with the law by passively doing nothing.

Q At the same time, however, weren't their

A No.

Q By CIA officials.



the CIA could get back into the business and fund these people; is that right?

A Yes, that is right.

MAINING ACCIEIED

1 2

3 4 5

THE ASSIPET



been before January of 1985. It would have been in December -- saying that there is a good liklihood there is going to be yet another relaxation of the law. This was at the time when we were, at the same time the Intel 85 Intel authorization Conference was going on and I was actively involved in that whole process; and it sort of declared there would be some change in the law.



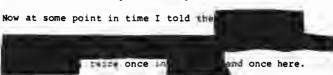
HUALAGAIFIFE

1 2

unclassified

Q Did you authorize your to make any representations to about supplying them?

A I just said that we said within the confines of the law we would provide to you whatever we can.



They asked here is what we need. They asked for weapons. I said, "I can't give you weapons. That is not legal, but I can tell you that I will do whatever I can to help you and I will get you weapons as soon as it is legal. But I will give you communications and I will tell the FDN you meed weapons, but that is the best I can do.

"They have weapons, but I can't give them to you, and don't press me on it."

Q You knew historically the FDN had not been wery good about sharing their material with the Southern and the southern are th

that a point in time that if we had the remaining

restrictions taken away from us where I wanted to go
where I had to go. Now you have to remember that by March

af 1986 we are going into the final legislative battle

#### IINCI ACCIEIED

### THE ASSETTED

and in our own minds -- I am sitting in the legislative strategy group meeting -- in our own mind it was almost certain in spite of the fact it had not passed that we were going to win the vote.

We knew that if we got the set up right that we could pass the vote, at least, that is what the White House legislative people were telling us; and I was being asked in that legislative context to begin planning as to how \$100 million would be spent, what would it be used for, what is going to happen.

So in my own mind and to a degree on paper, by
March of 1986 and before, I had bits and pieces of this
operation laid out based on everything I had done two
years ago. Back what I told you when I came to the task
force. The reason I was there was to do everything
possible with intelligence collection, management of the
project, to help the administration reverse existing
legislation, and to get back and

So I developed a whole scheme of maneuvers and part of my scheme of maneuver was the Southern Front. I might tell you parenthetically

Q Is it fair to say that were led to believe by your

to some extent property that to the extent

 UNGLASSIFIED

and as a result of them, you would they went into the field and separated with Pastora?

A Yes. It is also, I should add, that it was not only because of that. All except for one were fed up with Pastora. They realized he was a charleton by this time. Operation axiom that you can never forcet is you can never make somebody do something he doesn't want to do, and you have to wait until the time is right.

I also want to say there is another reason that we were hard over against Pastora, and I should have put it on the record earlier. We knew that everybody around Pastora was involved in cocaine. We knew it from November of 1984 forward. We reported it and by this point in time or slightly thereafter. The major associates, David Mayorga and Robert Odurran, were arrested in large cocaine deals.



That was kind of the final spike in the vampire's

"MAI TAMEER

UNCLASSIFIED

heart -- a wooden one..

Q I believe last week I took the deposition of your former and during that deposition he broke down and cried when he discussed his feelings of responsibility for the Southern Front forces who were sent into the field in early 1986, and were not adequately supplied.

Do you feel a sense of responsibility for them being out in the field and not being adequately supplied in 1986?

A I feel a sense of responsibility, but I don't allow myself to become emotionally involved. I look at something when I know particularly what he is talking about. He is talking about when went in and got torn to pieces. I felt bad about that, but you can't let those things cloud your judgment.

Q How did you expect that they were going to be supplied until the CIA got back in the game; because even if you had won the legislation, it wouldn't be until, October of 1986. How did you expect they were going to be supplied?

A I thought that if they were going to be supplied they would have to be supplied by the FDN from the private resources the FDN had.

TINGI TECILIED

1 2

1 2 3

## TARLASSARED

Q And if you --

A And I sort of didn't -- I would not -- didn't think we should force them back in the field until they were ready. I thought we had to play a waiting game. It was the Southern Front that wanted to be pro-active and get going and get back inside and was chafing at the bit. But I knew that they were going to go back inside the only place they would be able to get supplies was from the FDN -- that is what I thought, from the FDN's sources.

Q Did you discuss with Ollie North in January or February of 1986 whether he could obtain support for the Southern Front forces that were fighting in southern ... Nicaragua?

A No, not in specific terms. I discussed with Ollie North the Southern Front. I discussed with him the problems. I discussed with him what we were doing. We discussed it widely within the context of legislation, the RIG, there was heated debate on whether or not we would be dealing -- we should be dealing with Pastora.

I discussed it with both oversight committees.

I had to discuss it once with Senator Helms, anyone that was interested in it, I think. I had to discuss it with Senator Kassebaum, because it was controversial and the whole issue was discussed in depth. I even discussed it

WALL STATE OF THE STATE OF THE

p-12

UNCLASSIFICATI

with

Q But you knew Ollie North had contacts that were raising money for the contras, correct?

A Yes.

Q Did you discuss the possibility with Ollie
North at any point of using these contacts to help supply
the Southern Front forces?

A I don't recall discussing them in specific terms with Ollie North. I talked about -- if they are going to go back inside, they have to have arms. They have to be able to access the FDN arms. Adolpho Calaro has to be willing to cooperate with him.

I told if the Southern Front is ever going to come back into line you have to be able to help them. You have to share what you have with them. By this time I was dealing -- I was dealing with more and had a better relationship with him and talked to him about that several times.

I probably twisted his arm particularly after the direct-indirect sort of language went away. And I felt a little bit more free to make those kinds of discussions. We made specific — we made a specific decision, and I think it is reflected in traffic to train the Southern Front in communications, and to set up a communications link between the Southern Front and the FDN.

MACIELED ...

5

6

7

9

10

12

13

15

16

17

19 20

21

22 23

24

25

## **THE PASSIFIED**

49

And the express purpose of that was to try to link them together so they could have a way to access FDN supplies.

And did I know that this FDN supply was; that Ollie had a hand in that?

I have already testified to the fact that I knew that Ollie had a hand in that.

- Q But you don't recall making a specific one to Ollie to try to find a way to supply the **S**outhern Front?
  - A Yes.
- Q You don't recall any specific request to North ? to so to about support you go the Southern Front.

A I wouldn't have made that kind of a request because it would have put me into a situation that was some place I didn't want to be. Because I knew what the law said.

Q Okay.

Is it fair to say that you also knew that if the Southern Front forces were going to be effectively supplied you would need some kind of air field.

A The answer to your question is, no, because I never believed we needed an air field to operate out of.

Q Your has told me that he assumed it would be necessary if the CIA were to get back into

MANAGORIED.

op-14

1 2

4 5 6

3

7 8

10 11

9

12 13

> 15 16 17

18 19

20

22 23

24

## UNCE ASSIFIED T

it to have an air field

Yes, I know what he thought. I know what Let's come right to the issue. series of reasons I thought that otherwise was a dumb idea. Its known as CARCHIE SANGINISTES STREET. It sits less than 20 miles from where they have the best in the country.

It is within it is difficult to -- it is a difficult place to deal out of and in my mind I told you I was gaining -- developing a game plan and the use of that field

It it why when we initially-- when these visions initially began, I really didn't even have that in my mind, because I didn't think a lot about it. something that was not important. It only became important because it became a political issue between and the U.S. Government, and became the focal point of this investigation.

How in your game plan would you have resupplied the Southern Front forces?

UNCEASSIFIEDT

5 1



Q Did you meet with Admiral Tambs before he went down to become Anhaseator to Costa Rica?

A Yes.

Q Did you give him any instructions or were you present when instructions were given to him to open up a southern front?

A No.

Q What do you know about that?

A I know what is in the newspaper. I know that
Admiral Tambs mentioned to me one time or a couple times
that he was sent down to Costa Rica with instructions
by Ollie North to open up a southern front. These were
discussions that took place in the 1986 timeframe.
I know that in the newspaper he said his instructions were
issued by Ollie North, and a CIA officer, and I have always
wondered who that CIA officer was, because it wasn't me.

I was asked to go meet Admiral Tambs, and I can't remember by whom, but it was either somebody in the State Department or somebody at CIA before he went to Costa Rica, and there wasn't very much time because he was leaving that

IINOTACCILIED.

8

10

12

14

16

17

19

21

22

23 24

5p-16

UNCEASEIFHEDT

day and -- and the schedules didn't mix, so I drove out to his hotel room and met him in his endergants in his hotel while his wife was in her slip in another room packing with two small kids, and we had a 15-minute conversation that was not very satisfactory.

It didn't mean much. He was a nice guy; but I did not at that time, in Admiral Tambs' underpants, instruct him in meeting him for the first time to go open a southern front.

- $\varrho$  . That was the only time you met him before he went down there?
- A Before he went down there, yes. I developed a fairly good relationship with him during the subsequent two years he was there.
- Q Did you have discussions with him while he was down there about opening up a southern front?
- A In 86 ID, yes. That was about the southern front and how it was going
- Q Nothing in 1985, though? I am trying to find out where he -- he has testified that he was told he went down there with instrutions. I am trying to figure out from whom.
- A Let me answer the question this way. I did not give him those instructions.

TOWERS.

## UNCEASE FREDT

Q And you don't know who did?

A No, it is not within my parview to instruct an admiral.

Q Okay.

A I don't know who might have given him those instructions. I would not presume to instruct an admiral to open up a southern front. That is a fairly heavy load to lay on somebody.

Q To your knowledge, prior to him going down there that subject was not discussed at the RIG, was it?

A When did he go down? Do you know?

Q Summer of 1985.

A By the summer of 1985, what to do about Ed Pastora was being discussed sensitively.

I don't have any specific recollection of that issue being discussed in front of Admiral Tambs at the RIG; but if he sat in a RIG meeting, it is probably that it would have been discussed and it is probably that I would have been one of the outspoken ones talking about the need to marginalize Eden Pastora and outlining what I--what my vision of how the south should work. And in the fall of 1985 there was considerable discussion in the RIG about what to do about the southern front because Eden Pastora was jumping up and down screaming that he was not getting any of the humanitarian aid, and that it was

... MANAL LOCIEIED

UNCLASSIFIED

elements of the House and Senate were jumping all down everybody's throat because we were treating Pastora so badly. So there was a lot of discussion about it. A lot of discussion about the southern front, how to go about it. I don't recall specifically Admiral Tambs having been there at a RIG meeting, but he certainly would have been in and around where all these discussions took place.

Q To your knowledge was he given any instructions to obtain 'the permission to have an air field built for contra re-supply?

A To my knowledge he was not -- I do not know whether he was given such instructions, and that is not something I was aware of.

Q Do you recall getting, receiving a cable in August of 1985 in which a conversation between the admiral and was discussed concerning the building of an air field for contra

A The answer to your question is I do not recall it, but I read it and I went back and checked my calendar and I was there so I did see it at the time.

MR. BARBADORO: Let's mark == 5, a cable dated 13 August 1985, subject:

It is CII-Number

Exhlait

900; and mark ... Exhibit 6 a cable dated 17 August

HAL ACOURTED

#### UNCE ASSIFIEDI

1985, subject thinking with regard to UNO SUR, CIN Number 899.

(The documents referred to, were marked for identification as Depositions Exhibits 5 and 6, respectively)

#### BY MR. BARBADORO:

- Q Please take a look at those
- A Yes.
- Q 'Do you recall having received Exhibit 5?
- A No, I don't recall having -- I do not recall having received and having read that, but I am certain I did.
- Q Okay. And Exhibit 6, would that have been a response drafted by you?
  - A Yes, it was.
  - Q Do you recall drafting this response?
- A  $\mbox{I don't have a specific recollection of drafting that.}$

I have checked my calendar. I was there, and there is no doubt that my name is there as originator, that I originated that.

Q Emblit 5 talks about the conversation

I have alluded to Honge address to allow construction

HINDI BAARMEET

#### THE PASSIFIED T

Having read these memos, is your recollection refreshed as to whether you knew in August 1985 that construction of an air field was being discussed?

A I don't recall it, but I do not sort of claim
that I didn't know it. I obviously, in August 1985,
was aware that both the possibility of building an air
field and establishing was being discussed
or was, or had been discussed, yes.

Q Can you explain to me why you don't remember these?

A Well, I can guess, because I was beginning on vacation the next day. I think if you look at those cables they are on a Thursday and Friday. I left, as a matter of fact, when I saw them the first time I called my wife to see if she could check her calender to figure out when we left on vacation, because I don't remember those. I must not have been here. We left Saturday morning for a vacation for two weeks. I was gone and just don't remember seeing them.

Q This would be a relatively significant agreement, would it not?

Yes.

of air field.

construction

A Yes.

UNA LAGIELES

#### UNCLASSIFIED

- Q But for whatever reason you don't --
- A I don't remember.
- Q In the summer 1985.
- A But that guidance is exactly what I would have said. You can't be involved directly or indirectly in doing it, because it is illegal, whatever want to do, they can do.
- Q When do you first recall having any knowledge about the possibility that an air strip that would be built for contra
- A My specific first recollection about that air field, and I do not discount the possibility that I heard about it earlier, even in between December of -- December 9, 1985 and the date of those cables, was on December 9 during a trip to Central America with Admiral Poindexter as he was about to become the lational security advisor, and it was a discussion with on the vertain of the hotel in which he mentioned the air field, and that it was being built. And I told him to be very careful what he did to make sure he didn't get involved and stayed legal. And that was -- that is the first time, as I have gone back extensively and tried to recall when I knew about that air field; that is the first clear discussion that I recall.

I can vividly call up about that air field.

UNCLASSIFIED

58

| I  | don't  | di  | scour | nt the | pos | ssil | <b>21</b> 11 | ŧу | of  | dis | cussion | ıs | betwee | n |
|----|--------|-----|-------|--------|-----|------|--------------|----|-----|-----|---------|----|--------|---|
| tŀ | nat ca | ble | and   | Decemb | er  | 9,   | but          | I  | don | 't  | recall  | th | em.    |   |

Do you recall being surprised when told you about the air strip?

I recall my recollection was one of concern that he knew about it and concerned that he might have been rubbing elbows with it, because I said, "Jesus watch what you do. Stay legal. Don't get... " I said, watch what you are my specific words were, "Jesus doing and stay legal."

I want to tell you and I am going to have to wait a minute before I come to it that I have some documents I want to show you that may suggest that you heard about this sooner.

- I may have. I just don't recall it.
- But recount for me again what told you about the air strip on December 9.
- That the air strip was being built and that it was going to be used to support the Southern Front.
  - Did he tell you who was building it?
- No, I didn't ask him, and I said to him stay away from it. Make sure you stay legal. Stay within the bounds. And said something like, "I know what I am doing. I have already made my decisions."
  - Ollie North was along on that trip, wasn't he?

TINGI TECITIED

#### THIRD ASSOCIATION

| 1 |  |
|---|--|
|   |  |
| 2 |  |
|   |  |

| Q     |    | Did    | you | discuss | the | air | strip | with | Ollie |
|-------|----|--------|-----|---------|-----|-----|-------|------|-------|
| North | in | Decemb | er? |         |     |     |       |      |       |

A I don't recall discussing it with Ollie
North in December. I recall discussing it with Ollie North
somewhat later than that in January and maybe later in
several occasions. One specific occasion that stands
out is at a meeting at the Department of State where he
showed a whole bunch of people pictures of the air field.

Q When would that have been?

A I really don't remember. It probably can be pinned down by calendars, because I remember that it was in the 7th floor of the State Department in the Secretary's conference room at a SIG meeting, I think, and I would have to go back and try to pin it down off a couple of calendars what that was.

- Q Is a SIG meeting different from a RIG?
- A Yes, SIG meeting is the next level up.
- Q That would have been in early February maybe.
- A May have been. That would be about right.
- I just don't remember the date, and I have not gone back and tried to --
- Q Who was present when the photographs were shown around?
  - A Oh, gee. General Moller, I think, was present,

#### LINCI ACCICIED

2

4

6 7

8

9 10 11

12

13 14

15

16

17 18

19 20

21 22

23 24 25 UNCLASSIFRED

60

Colonel Kroeger, as I recall. This is all -- I think

Nestor Sanchez, myself, Elliott Abrams, maybe Bill Walker,

Ollie, probably Ray Burkhardt.

- Q Who produced the photos?
- A Who had them in their possession?
- Q Yes.
- A Ollie did.
- Q And what did he do with them?
- A Showed them. He said, "Look at this. This is the air field being built
  - Q What else did he tell you about the air field?
- A Once again that is one of those occasions where I looked at pictures and put them away and thought to myself, "My God, that is dumb," and kind of backed away from it and I think he talked about sort of the status of the field.

I remember my specific reaction, and that is like showing pornography in junior high school. It is something you don't want to get caught with in your hands. I just kind of backed away from it.

- Q Did he say whether he had played any role in the construction of the air field?
- A He didn't say it, but the implication was there, you know, "Look at this. Isn't this great Here it is."
- I thought to myself if you are involved in it,

b-25

#### **UNCLASSIFIED**

are doing this thing. I just kind of backed away from it.

Q Do you recall if he explained what the air strip was going to be used for in anymore detail, other than "for the contras?"

A Almost certainly he did. Gince again I don't recall the specific discussions of it, but I think that we all knew and he must have said-- must have been talking about it being used to fly into as an intermediate stop out of to stop to refuel and to fly inside. And then I recall some discussions some place later in the spring time where they talked about sort of not having contras there and how to manage it and so on.

But it was from that point, I remember it being discussed a couple of times as to how it would be used, what it was to be used for, and so and so forth.

Q Did he ever mention that the air strip had been used?

A It is hard for me in my own mind to recollect what I know now from what I knew then on that point. I know now that it was used and the aircraft were stuck there, and that it was a big thing.

They had to get there to bring supplies in there. That means it had to be used to fly stuff in and it is

IIMO A CCIEIED

1 2 3

5

6

7 8

10 11

9

12 13

> 14 15

16 17

18

20

21 22

24

25

23

EXCHIPT

62

fairly obvious to me, and I suspect that I knew it at the time that they were flying short haul flights in there to bring in construction equipment because they had to get there somehow. You couldn't get there any real way because it was so remote.

I don't recall specifically that Ollie said that it had been used, but it is possible that he could have told me it had been used. I cannot specifically recall a conversation in which he said a flight came in, and it landed there and got stuck in the mud and all that, but I know that now.

He may have -- he may not have. You are not certain.

I am not certain I wouldn't rule out the possibility. I just don't remember that. The air field in this whole saga is the thing of which my memory is vaguest on because I really didn't focus on it one whole hell-of-a lot.

You didn't take it seriously as a recourty base?

No, I had a lot of other things I was worrying about, a lot of other things I was thinking about. I knew to stay away from it. I knew it was being I wanted built. I developed the understanding that it was being built by the same people that were -- the previous and what its intended purpose benefactors out

#### THE LASSIFIED

went to the meeting the state of the next morning, talked to Lew Tambs about it, and they were distraught and I told them it is not a big thing. "Don't worry about it. Don't fight it. This is not something you have to break your pick about. We don't need it."

football, a real hot potato between and the U.S., and then I know sort of it was just there. It was sort of a pregnant problem waiting to break.

Q Do you recall the discussions in 1986 when publicize the existence of the air field. Do you remember discussions with Ollie North and Elliott Abrams about that?

- A Yes.
- Q Were there any discussions about someone telling that would be deprived of aid or U.Sm assistance if he exposed the air field?
  - A Let me tell you the story.
  - Q Okay.
- A That is the best way to go about that-- 11:30 at night. I was in bed. The phone rang. Ollie was on

**IINCI ASSIFIFD** 

UNCE ASSIFRED

the phone. He was absolutely -- just in one of his manic

moods, and he was screaming is going to go public with the air field. You have got to stop it. You can't let it happen. You got to call You have got to tell to tell him to stop this thing. If he does it, I will see that he never gets another penny of U.S. aid."

Then I said -- I hung the phone up and I then called Elliott; and Elliott said, "Yes, I know. I have talked to Ollie, and he said, 'Well, what do you want me to do?' He said, 'Would you call and see if can do something about it?'" And I called up long distance, a real breach of operating procedures.

I just picked up the phone at home and said, "
and said, "Yes, I am aware of the problem.

I have already talked to...." and he talked around who
the individual was, but it was
it is taken care of. "Don't worry about it."

I called Elliott back and I then called tou
Tambs and told him and then I called Ollie.

- O So you didn't suggest the way to deal with it?
- A No.

Blah, blah, blah.

- Q You just called and he said it has been taken care of.
  - A That is right. He said it was taken care of.

LINCI ACCIFIED

ĥ

# UNICE ASSIFAEDI

I was going to suggest and go to and see if you can talk him out of doing this because it is not going to be very helpful. But I know that from my lips sort of I didn't repeat the bombast that Ollie threw at me because I never repeated half of Ollie's bombasts.

Tambs repeat the bombast that had. No one ever does that. One thing I know about if he had been threatened like that, he would have it on the public record. He would not deny it. He is scrupulous about repeating things accurately on the public record.

Q Do you know what did to get the problem worked out?

A I suspect he -- I don't know what he did.

No. He says he talked to Beyond that,
I don't know.

Q What was the CIA role supposed to be in the humanitarian assistance program?

A CIA's role in the humanitarian assistance program was to have been one of providing assistance, technical assistance and advice to NHAO and to monitor the shipments and deliveries down range, period, nothing more.

- Q When did that program start?
- A It started during late August of 1985. It

#### JIMOI ACCIEIED

UNCLASSIFIED

really didn't get underway until late October of 1985.

The bureaucracy of establishing a new organization,

figuring out what the law meant and how to do it took some

six weeks.

- Q Did you discuss NAHO at the RIG meetings?
- A Ad nauseum.
- Q Early on in the program, there was a problem as a result of television cameras being brought along on one of the flights. When was that flight?
- A It was the second flight. I would expand your remark by saying there was a problem -- there was a problem of multiple stupidity. That was one of them.

  There was another problem after that, but they place in late October as I recall.
- Q And after that, it was decided that would be the base for humanitarian assistance.
  - A No, the story is much more complex than that.
  - Q Tell it please.
  - A I will tell that story.

The first flight went in and it went in okay.

The second flight went in, and it was hauled by -- it

was taken in with a CBS and a CMN crew on board, television

crew. They filmed the whole thing.

went

absolutely livid. They were jumping up and down. They

#### HINCH ACCIDIED

UNCLASSIFIED

forced the public back haul of the first and second flight, everything had to be taken out and they went public with taking it out.

Quietly they authorized a third flight; and the third flight developed engine problems and sat down and became once again overt and they said, "Enough, you people can't run this program. You are embarrasing us. Cancel all the flights."

They said, "No more flights." This was a military decision grant take stuff into

The NHAO Program is useless, because that is where you need it.

So it became the focal point for the RIG to reverse this decision, and it was the topic in Central America to the preclusion of damn near every other topic for the next three months.

THE TOWN

UNCLASSIFIED time, and I can't remember which was January and which was February.

TINCI ACCITIENT

UNCL ASSIFIED

69

| • |
|---|
|   |
|   |
| - |
| 2 |
|   |

2

4

6

7

9

11

13

14 15

16 17

18

19 20

21

22

24 25

| A        | At     | that | point   | in time | e, and     | this   | is Dece | mberish |
|----------|--------|------|---------|---------|------------|--------|---------|---------|
| The RIG  | takes  | a de | cision, | 5462    | ¢<br>D, we | got to | do som  | ething  |
| about th | nis th | ing. | Let's   | set up  | an al      | ternat | e point | of      |
| supply.  | Let's  | go 1 | through |         |            |        |         |         |

Q Who came up with the idea to use

A If I had to put my finger on somebody, I would say Olfiver North.

Q Do you recall whether North said anything about having connections into .

A I vaguely recall him saying that he was certain that would go along with it.

Q Do you recall --

Okay.

Q

A I know that he was a major proponent of it.

That is another thing that I was luke warm on.

Q Do you recall him mentioning Felix Roderiguez as being a contact he had down there who could get you access to the air base?

A No, but he mentioned Maximo Gomez.

Q Okay. At that point, did you know Maximo Gomez as Felix Rodriguez?

A Yes.

Q Okay. Was that one of the reasons why North thought he could get the use of

A I think that in previous carnations North

#### finci Pccitiled

# UNCLASSIFIEDT

knew, either knew or knew that would be cooperative and he was a major -- he was a major proponent of the move of doing it that way and he eventually convinced the RIG that that was the way to go.

MR. BARBADORO. Let me mark as Exhibit 7 a letter dated September 20, 1985, addressed, "Dear Felix," signed, "N."

(The document referred to was marked for identification as gathibit Number 7.)

MMAI SCOILIER

BOYUM/mag
magl

1

2

3

5

6

7

8

9

10

11

12

13

14

15

16

17 18

19

20

21

22 23

24

25

#### THELASSIRE

MR. BARBADORO: Why don't you read that and then take a five-minute recess?

(Recess.)

MR. BARBADORO: Back on the record.

BY MR. BARBADORO:

- Q have you read Exhibit 7?
- A I have.
  - Q And have you ever seen that letter before?
  - A No.
- Q This purports to be a letter from Oliver North to Felix Rodriguez, and it talks about Felix gaining permission to use as a place for FDN planes to be maintained.

Do you recall whether North, in the fall of 1985, ever mentioned to you that he had sent a letter like this to Felix Rodriguez?

- A I have no recollection of that.
- Q Do you recall whether he ever mentioned that he had an arrangement with Felix Rodriquez where FDN could be worked on
- A No, that letter comes at -- at that point in time, it comes as a complete surprise to me.
  - Q Okay.
    - A That is much earlier than I would have suspected.
- Q When would you -- when did you first know that

· \* · \*\*\* \*\*\* . . . . IIIAI ECCITIFA

# UNCLASSIFICATI

North and Rodriquez have a relationship concerning the

A Decemberish of 1985 when we began in the earnest discussions of in the RIG meetings about diversifying, getting an intermediate stop someplace along the way and use of

Q What did North tell you at that time about Felix Rodriquez and

A It wasn't what he told me. It was his comments at the RIG meeting and his putting forward the position that use of the use of the

- Q I am not sure I understand.
- A Well, Felix Rodriques and didn't like each other. As a matter of fact, they big time disliked each other.
- Q You knew before December 1985 that Felix

5

8 9 10

7

11 12 13

14 15

16 17

18 19

20

21 22

23

24 25

#### THERE SAY

Absolutely, yes. And I knew that there was tension, there was friction between Felix Rodriguez and

in the area with Felix

Rodriquez.

The relationship was not a comfortable one, and if Felix Rodriguez was going to have something with the trans-shipment for NHAO affairs, CIA couldn't; and we really didn't want to other than in verification.

And so, there was discussion, and I can't remember it all. It is kind of a vague glop, but Ollie arguing for moving there and leaving it pretty certain that Felix could handle the job. And we didn't get involved with it too much.

- Did Ollie say whether Felix was also assisting with lethal aid to the contras?
  - Not that I can recall at that point in time.
- You later found out that Felix was working with the people providing lethal aid, didn't you?
  - Yes, it developed --Α
  - In the spring of 1986.
- Even earlier -- Feburary-March 1986, as it develops, as you watch this operation and see the whole thing coming down, yes.

MR. BARBADORO: Let me mark as handwritten notes that purport to be of a RIG meeting 

#### UNCA ASSURATE

Exhibit 8 was marked

for identification.)

THE WITNESS: Can I read these?

on 10-1-85 which were taken by Ambassador Duemling.

MR. BARBADORO: Please read them. I have highlighted the ones that I will ask you about, but feel free to glance through them.

BY MR. BARBADORO:

Q do you recall the meeting that is described in these notes?

- A Not specifically, no.
- Q Did you have meetings to discuss NHAO in October of 1985?

A As I said, from October forward there were extensive meetings to discuss NHAO and to help organize and get things started going.

Q So, it is fair to say that there were several meetings with people like Michael, North Walker, Milton, and Duemling.

A Yes, there would be frequent meetings like that and there would be that group and sometimes the composition would change, but there were a lot of meetings like that.

Q On page 2 of the notes, it says

Project Hope being asked to take on refugee assistance; air

strip being prepared; Hope will care for wounded together

COMPAND AND MAIL.

#### UNCOL ASSIFACTO

with refugees; NHAO can funnel medicine and food through PH to the southern front."

What is Project Hope?

A Project Hope is the -- isn't it the thing that runs the hospital ships around the world?

- Q Do you recall any discussion of Project Hope at any of these NHAO meetings?
  - A Absolutely. It was discussed extensively.
- Q What was the role of Project Hope with the .
  humanitarian assistance operation?

A The medical supplies and medical support for the resistance prior to the funding cut-off of 11 October,
9 October of 1984, had been supplied through the agency in our office of medical services.

We did the training, we interfaced, bought the medicines, help them put up hospitals and so on and so forth.

when NHAO came into the structure, they needed to find a competent medical group who could provide the medical side, support the medical side of their undertaking, and they looked around and there were a series of charlatans who were making bids, trying to get bids, contracts, for this.

Ambassador Duemling and I am not quite sure how it got set up, but interfaced with Project Hope, the

BIBLANCE AMORISM AN

#### UNIX ASSIRED

Project Hope, to get them to provide the expertise, the purchasing, and to help with pulling together the in-United States portions of shipping to a warehouse at Dulles where they then shipped it forward via NHAO channels, and Project Hope was a major player with Ambassador Duemling dealing with the Project Hope staff.

Dr. Walsh, maybe, I think -- he is the director's
name.

Q Under the reference to Project Hope, it says -- and also under the reference to reference to reference to reference to reference.

You would agree with me that this appears to be a reference to the agree air strip.

A . It could be. It is not an unreasonable assumption.

- Q What else could it be?
- A I don't know what else it could be.
- Q And in 10/85 we know the air strip is under construction; we know it is in and we know the air strip would be used to supply the Southern Front.
  - A Yes.
  - Q Here the reference is "Air strip being prepared."

Can you think of any other explanation other than that this is the air strip under construction that is being referred to here?

HALL IINOL ACOIFIFD

UNDLASSIPLET

-19 

| A              | NO. I    | could, | but none | 01 | tnem | would | make | any |
|----------------|----------|--------|----------|----|------|-------|------|-----|
| s <b>ense.</b> | It could | be any | thing.   |    |      |       |      |     |

Q Now, when I show you Exhibit 8 and the reference to "air strip under construction," do you now recall discussing the construction of the air strip at this meeting in October of 1985?

A No.

Q Do you still maintain that the first time you heard about the air strip was in December of 1985?

A I have searched my memory and tried to recall anything specific about that air field, and the first specific notch in my memory is December 9 where that conversation with

As I said previously in a statement, it is possible -- it may even be probable it came up. I just don't remember. But it looks like it did. I just don't remember. It is just not there.

in December, you were surprised and concerned when he referred to the air strip.

A No, what I said was in -- I said what he told me about the air strip, I remember him saying, "The air strip is being built." And I said, "Watch yourself. Don't get involved with it. Stay legal."

Q But you have no memory of --

WHAT TOOLLILE

# 1 2 3 4 5 6 7 8 9 10 11 12 13 14

8

#### UNCEASSURED

A I don't remember.

Q Of having heard of the air strip before that?

A I just don't remember.

MR. POLGAR: Off the record.

(Discussion off the record.)

MR. BARBADORO: Let's go back on the record.

BY MR. BARBADORO:

Q Let's go back to the discussion in December where you recall mentioning the air strip to you, asking you to try to reconcile the fact that you were in a meeting in October where the air strip was apparently discussed, and your testimony about your conversation with in December concerning the air strip.

How do you reconcile those two things?

A I can't reconcile it. It is obvious that it was mentioned. It is obvious I have forgotten it.

As I told you in all of this undertaking, the thing about which my recollection is the vaguest is that air strip. I do not have clear time lines of discussion on that air strip until December.

Now, I went back, and when I saw that cable from August, I was surprised about that cable; because I didn't remember it. And you show me that paper, and I don't remember that meeting, where we discussed that. That is not something that sits out in my mind as a clear something I clearly

24

15

16

17

18

19

UNCLASSIFIED

recall.

 I do not deny, nor did I in my previous testimony, that from the time of that cable in August to December there may have been discussions about the air field which I heard

That is the best I can do.

Q Okay.

On page 1 of the notes, it says will supply list of reliable suppliers to NHAO."

or where comments were made, but I don't remember them.

Do you remember agreeing to provide NHAO with a list of reliable suppliers?

A Yes. As part of the carefully negotiated -- and I emphasize "carefully negotiated" -- agreements with the various oversight committees. It was understood that CIA could provide information and advice to NHAO about who they could use, who they couldn't use, what was good, what was bad, how to do something, and so on. And within that context you will see throughout the NHAO files that we were frequently giving them advice about doing things; because we have the expertise, rests in our agency or in DOD.

So, what I was to do on that was provide a list of people that can get boots or clothes or this or that and run them through our logistics system.

Q Did you provide any advice about who should be involved in providing the aircraft to carry the

..........

## UNCLASSIFIED

humanitarian aid down there?

A Yes.

Q Was Gadd or his company on your list of approved suppliers?

A We didn't have a list of approved suppliers, per se. They would ask you whether this is a good guy or that is a bad guy, and after Corporate Air was forbidden to fly into Nicaragua, they asked me to look into whether Gadd was a reasonable person or not.

- Q What is the time frame on that?
- A January, early January 1986.
- Q What effort did you make to determine whether Gadd was a reliable person?

officer, meet with Gadd. We met with him. We talked with him about his airplanes, talked about what he was flying, what he was doing, how he was operating, his cost figures, spare parts, so on and so forth.

Then we came to -- I didn't come to it, because I am not really -- I came to assessment of the man -- my officer came to the assessment of the operations, and we passed it to Mr. Duemling.

Q Did you do a credit check or a criminal check or look into his military background or anything like that

 on Gadd?

A Military background, yes. Credit check -- we

checked his licensing. We checked whether he had the operators and all the permits needed to fly and found out essentially that he was a jobber -- he didn't have operators permits, and that he was subcontracting out, that he didn't

And we recommended to Ambassador Duemling that he diversify off there, and he did as soon as NHAO -- the

have the structure and expertise that he claimed to have.

- Q Do you know how Gadd came to you chosen by Duemling
- A I was told the FDN recommended him.
- Q Did you also know that Ollie North was recommending him?
- A I would suspect that Ollie North probably also recommended him, as well.
- Q Do you know that from firsthand knowledge or do you assume that he did?
- A Office North, at the meetings that took place, I recall, suggested and was forward leaning and supportive of NHAO using Gadd.
  - Q Did he explain why he was?
  - A No.
- Q . In your checks of Gadd, did you look into how he was going to finance his operation?

HINUI TOCICIED -

# ANGLASSIVE

ŝâ

- A Charge too much-for the flights and subcontract it was what we came up with.
- Q Did you know he was going to use Southern Air Transport?
- A No, but we knew that he was going to -- we didn't know specifically he was going to go subcontracting, but as we talked to him and got into it and probed him about how he would run his operation, it was clear that he was going to subcontract out. And we thought Southern Air Transport would be one of them.
- Q Did he disclose who his partners and employers were?
- A No, he got very closed-mouth -- the more you probed, the more he got very mystic; and he made a lot of references to classified missions he was doing with DOD and so on and so forth.

And the alarm bells started going off in my head. The additional alarm bells started going off in my head, and was coming back saying, "Fly-by-night operator." And when the alarm bells went off in my head?

I never met with Mr. Gadd again, because I figured that was not someplace I wanted to be.

And I told after one or two more meetings, "Don't go back and talk to him anymore."

Q Did he explain to you that Richard Secord was

#### HINGI ACCIEIED

3.3

| THEL | ASSIRED |
|------|---------|
|      |         |

|   | involved | in | his | operation? |
|---|----------|----|-----|------------|
| 1 |          |    |     |            |

- I don't recall that mention of Secord. Α
  - That would have rung a bell with you?
- Yes, that would have rung the alarm bells.
- So, it is fair to say that his name didn't come up.
- I am fairly certain he didn't tell me that. That would have rung a bell for sure.
- Did he mention Rafael Quinteros was somebody he was associated with?
  - No.
  - Did he tell you about the aircraft?
  - He talked about his C-7 Caribous, yes.
  - Did he tell you how many he had?
- He must have mentioned it, that he had two. I remember him talking about the one that almost crashed going in there and having to throw stuff out of the aircraft.
- Did you talk to him after he had had the Caribou down there?
- I talked to him while they were going down. The first one to go down was the one that almost crashed carrying the load.
- They had to throw out the spare engine and refrigerator out the back....

..... A Marie ..... ITHAN BOAIRIES

2 3

4 5

6 7

8

9 10

11

12

13

14

15 16

17

18

19

20 21

22

23 24

# UNCE ASSIRLED

| Α | Τt | WAS         | inst | the | day | after | that | happened. |
|---|----|-------------|------|-----|-----|-------|------|-----------|
| ~ | 1  | <b>~a</b> 3 | jusc | CHE | uay | arter | tnat | nappened. |

- Q Did he tell you about that?
- A Yes, oh, yes. They had to throw it out, and he was sort of bitching and groaning about it, yes.
- Q And it was your understanding that that Caribou would be used for humanitarian assistance flights only to
  - A Also back and forth, yes.
  - Q To

A It was my understanding that the FDN would probably contract to fly some flights also. I think that was all of our understanding, that these flights -- because the rules out of the by the time this was set up was that only FDN-controlled airplanes could fly from here to here, from and to

So, I knew it was essentially FDN-controlled, not a U.S.-contracted airplane.

Q You subsequently learn those Caribous were being used by the private benefactors to fly the lethal assistance, didn't you?

A Yes, I would say by March or by early March, yes, I saw the first indications that those flights were crossing the border into Nicaragua and flying lethal in

/1 

 Nicaragua, and I knew when they were not hauling NHAO stuff that they were probably shuttling lethal aid between

Q You knew by then that these people were the, quote, "private benefactors," didn't you?

A Yes, I knew they were going though a metamorphosis into the private benefactors, by, I would say, March.

Q So you knew that Gadd was one of the private benefactors, right?

A I knew that Gadd turned into one of the private benefactors. I suspected -- I smelled that he might be turning into a private benefactor when I met him and didn't want to get involved and backed away from it.

I did not like what I felt or saw and thought that that was much too close for me and backed away from it.

Q Did he say anything to you directly that he was planning to provide lethal assistance as well as non-lethal?

A Not lethal assistance, but he implied or said he was planning to fly into Nicaragua at one point in time, and I just pulled away from that.

Q Did he say anything to you which suggested that he had the approval of Ollie North for what he was planning on doing?

A I don't recall him saying anything like, "Ollie

WWW TOGICIED

and that Ollie knew what he was doing.

16

#### UNCEASSIEMET

approved this operation," but I came away with the distinct impression that he and Ollie knew each other pretty well

86

And I came away, as I said, with a distinct impression that this was someplace I didn't want to be, so I didn't get back there.

Q On page 2 of the notes, first Exhibit 8. It says "(North) can use -- Max. Green said to -- Maximp Gomez,

will airlift the stuff from

Do you remember any discussion of Maximo Gomez at a meeting such as this in October?

A No, but as I told you, I don't recall that specific meeting, but I recall meetings in the fall where Maximo

Gomez was talked about as the person who could handle the coordination on the ground in the fall where Maximo for transshipment.

But I recall it being somewhat later than that.

ment operation, to my recollection, it was

I recall when we were discussing, intensely, setting up the

in December, not October. But that was the time.

- $\mathbf{Q}_{\star}$  Do you recall references to a Mr. Green in any of these meetings?
  - A No, I don't know who Mr. Green might be.
  - Q Felix Rodriguez, a.k.a. Max Gomez, has testified

1

4

3

6 7

8

9

11 12

13

14

15 16

17

18

19

<u>/2</u>0

21

22

23

24

 that he received Exhibit 7 on September 29, 1985, that he, after receiving the letter, called Oliver North and said, "I agree to do what you ask," and North said, "Await the instructions from someone who will call and identify himself as Mr. Green"; that in December he received a call from a person who he later learned was Rafael Quinteros who said, "I work with Mr Green, and I have a flight coming in tomorrow with heavy stuff on it." It was a 707, SATCO 707 that contained ammunition.

Did Ollie North tell you anything about his proposal to use Max Gomez to allow flights of lethal assistance into

A No. None of that -- that is all news to me. That is all new information.

- Q So these references to Mr. Green and Maximo

  Gomez and air lift the stuff from would be for something different?
  - A I have no idea what that is about.
- Q Would you have remembered if it was something about a plan to ship arms into
- A I would think so. I would think if they were doing that, yes, and I knew about it, I would remember that.
  - Q And you don't remember that?
- A I don't remember that, and I am hearing Mr. Green for the first time.

INOI BOOKERED

#### UNION ASSOCIATED

|       |        | G (ACE INC.)                                       |
|-------|--------|--|
|       | Q      | Do you recall going to with Oliver North           |
| Decer | aber : | 30, 1985?  |
|       | A      | I don't remember December 30, but I remember in    |
| late  | Dece   | mber time frame, yes.                              |
|       | Q I    | was on that flight.                                |
|       | A      | Bill Walker.                                       |
|       | Q      | Yes.   |
|       | A      | And myself.  |
|       | Q      | How did you get to                                 |
|       | Α .    | We flew on a government airplane.                  |
|       | Q      | Not a Jetstar?                                     |
|       | A      | No, it was a U.S. military airplane. It might hav  |
| been  | a Jet  | tstar, but   |
|       | Q      | A U.S. military plane?                             |
|       | A      | Took off from Andrews Air Force Base, went to, as  |
| I red | all ·  | well, maybe it went to first and then              |
| to    |        | and then back.                                     |
|       | Q      | What was the purpose of going there at that time?  |
|       | A      | It was to coordinate to make the                   |
| final | l arra | angements of teams surpment operation,             |
| as I  | recal  | 11.  |
|       | Q      | Who did you coordinate it with?                    |
|       | A      | I didn't coordinate it. I was the those            |
| meet  | ings,  | whenever we travel down there, because of the need |
|       |        |  |

LINCI ACOURTED

 traveled as an interagency group. You never saw in that time frame, and even to this day, people dealing on the Central American issue traveling individually.

So, that was why that group was like it was -- State Department, NHAO, CIA -- as a -- and NSC.

We landed in Ollie and I can't remember whether the Ambassador went with him and met with

and I stayed and met with
I did not sit in the meeting a

It was at 'that point that I delivered the first of two' direct instructions. Our role was not to be involved in this thing. Our role was to provide verification reporting, what is in, what is out, and that is that, but not to be involved in any way with the thing whatsoever.

that. We sat in a little anteroom, Bill Walker and I, while Ollie was off in the other meeting. I did not go into that meeting.

Q Had you been told by that point that in early

December a 707 with ammunition, a SATCO 707, had been flown
into

A No, I had not been told that a 707 had been flown into

Q In December 30 there was in storage

approximately pounds of ammunition that had been

TIMAL LOCIEUS

### UNCLASSIFIEDT

Did you see that?

A No.

flown in.

Q Did you know that any material was -- ammunition was being stored there?

A I would have known that there were still ammunition left from our earlier program before 1984, because we left it sit there and froze it.

I didn't know that fresh ammunition had been flown in until it was there December 30.

Q You hadn't received any reports that lethal assistance for the contras had been flown into in December?

A I don't recall seeing a report like that. I recall a report -- and I can't put a point in time -- I think

I recall a report of a 707 going into but

I would place it at a later date than that. I would place it in the spring sometime.

Q Did you have discussions with Ollie North in December about his plan to use both as a place for the humanitarian assistance shipments and for lethal assistance shipments?

A I didn't know Ollie had a plan that he was actively involved in to move stuff around, and I don't recall talking in specific terms about -- as a matter of

HINCLACCICIEN

TAPLAESIAET

fact, I didn't talk to him that I can recall about moving the co-locating and piggy-backing on the NHAO program to fly lethal supplies out of

Later, in 1986, February or March, when we started planning, I talked -- we talked about the use of in a different role and whether or not we would use it in our program, but I don't specifically recall a discussion with Ollie.

- Q How about a general discussion in December 1985?

  Did you have any idea that there was a plan that involved --
  - A No.
  - Q Just of to ship arms to the contras?
- A No, I don't have any -- no. I think my understanding that lethal equipment was going to be flown out of the flown or that lethal equipment was probably started developing in February 1986 or later than that.
- Q Did you understand that some of this humanitarian assistance would end up with the Southern Front as well as with the FDN?
  - A If it could be gotten there.
  - Q How did you think it would be gotten there?
- A Well, as you noted from the record, we knew that was a problem and didn't -- couldn't figure out just how to get it there, and we came up with the idea of a direct drop

MING VOCILIED

7

5

11 12

13

9

10

14 15

18 19

17

20 21

22

23 24 25

flying from the States into the Southern Front to get some symbolic -- symbolic material delivered -- more than symbolic a start.

In fact, we worked with NHAO and provided them some technical support to make a drop which they finally got done successfully before we just figured that, given everything, it was too hard for NHAO to do, and they didn't try it again.

So, you did one drop. And what was the plane that was used?

It was a

Whose plane was it?

Fron That may not be the correct name, but it was run

-- I think it was

Q That was the only direct drop of humanitarian assistance to the Southern Front?

Yes.

As a matter of fact, I want to put something on the record at this point in time.

Yes. Q

And it is important that shows you kind of where in my mind I was in December, early December of 1985. There was a meeting in either late November or early December, just before the final conference -- well, the conference was going on on the Intel Authorization Act in which

#### DINAL LOCIEURS

### vaclassiret

McFarlane shared and asked the conferees to attend. And Congressman Hamilton, Congressman Stump, Congressman Cheney, maybe Congressman McCurdy were there, and one Senator -- Senator Durenberger came; and the thrust of it was to argue rather passionately for the Intel Authorization Act allowing CIA to provide logistics support to the resistance forces, because it was so critical.

And I will tell you very honestly I was in the forefront of arguing for that; because I felt if the logistics delivery system couldn't get fixed, if we couldn't get back in and lay together something that was not functioning right, that we had a serious problem.

And I argued long and hard in sort of my capacity as working on the legislative team that was involved in this to get that thing fixed.

At that point in time, if I had known this, I might have been less passionate in my arguing and slightly more relaxed, but I didn't know any of this stuff.

- Q Did you ever have any contact with Rob Owen?
- A No.
- Q Did you know that he was being used as a contractor by NHAO?
  - A I knew that, yes. .
  - Q How did you know that?
  - A It was discussed in various NHAO meetings during

#### LINCI LCCILIED.

THISLASSIFIED

94

|    | i                            |
|----|------------------------------|
| 1  | the fall of the year about w |
| 2  | on contract, how to put him  |
| 3  | would be, and so on.         |
| 4  | Q Do you know who ti         |
| 5  | Rob Owen on NHAO payroll was |
| 6  | A Yes.                       |
| 7  | Q Ollie North?               |
| 8  | A Yes.                       |
| 9  | Q Did he say why?            |
| 10 | A '"Rob Owen is a goo        |
| 11 | people. Rob Owen has been a  |
| 12 | contacts. They trust him.    |
| 13 | Q Do you recall a le         |
| 14 | Owen?                        |
| 15 | A I recall discussion        |
| 16 | so on and so forth.          |
| 17 | Q Okay.                      |
| 18 | A I don't recall tha         |
| 19 | the topic.                   |
| 20 | Q Did North ever tel         |
| 21 | doing in Central America?    |
| 22 | A No. And I never            |
| 23 | Q Did you always und         |
| 24 | role in this thing was as co |
| 25 | A Rob Owens' role wa         |

whether or not to put Rob Owen on contract, what his role he principal proponent of putting od kid." Rob Owen know these around them, developed good etter from the AAA representing on of the AAA recommending him and at specific letter, but I recall

11 you what he had Rob Owen

asked.

derstand that Rob Owen's sole onsultant to NHAO?

Owens' role was ubiquitous. In the 1985 era,

TINOI TECHTED

1

7 8

9

10

6

12 13

15 16 17

14

18 19

20 21

22

23 24

25

#### TAMPLASSIRED

3.5

he was a count -- the Miskito Indians and other areas. was a person who had contacts and so on and so forth.

In that time frame, I really didn't know what he did. I developed someplace in 1985 an understanding that he was working with Ollie, and that was another person that I refrain from meeting.

How did you understand that, come to understand that relationship?

Ollie mentioned him a couple of times in discussions, and I think Rob Owen in discussions around when people mentioned Ollie and it became clear that there was a connection between Rob and Ollie.

And then in 1985, summer of 1985, Ollie took a fairly strong advocacy position in NHAO picking up Rob Owen and putting him on board, and that sort of put the rest of the package together.

Did you later learn that Rob Owen was doing -continued to do work for Ollie after he was on the NHAO payroll?

No. Rob Owen is a person that I did not focus on. I didn't focus on his activities and didn't get involved with that and didn't know that while he was on NHAO payroll he continued to work for Ollie North.

- Can you explain the 10 percent rule to me?
- I can try.

TING TOCILIED

### THELASSIRE

O Go ahead.

A I told you I was -- I participated in the early days of discussions trying to define what NHAO could and couldn't do and how CIA and DOD could or couldn't relate to NHAO and define the parameters of that operation.

One of the issues that came up was these planes are flying from point A to point B and hauling things, and this is a war -- must they always fly with NHAO when they are carrying NHAO material with only nonlethal stuff? What-happens-if-there-is-some-space-left-over kind of a discussion.

At that point -- and this is where I don't have direct knowledge -- it is my understanding that the Department of State and NHAO had some additional discussions, to which I did not attend, with Congressman Hamilton and some others on the oversight committee, and they talked about this question, and ultimately they came down with saying that if there is some small and relatively insignificant space left on an airplane, it is not inconsistent with the law to put -- fill it up with on-a-space-available basis, with some lethal material.

And so, there was discussion, and again, I couldn't pin the date down or the time or the specifics of it. They talked about, well, what does that mean, and outcomes; well not more than 10 percent. I recall that actually being

HANDL RECIEIED. ..

3 4 5

### THE ASSIFIED

discussed and then us sort of relaying it down there in our verification role that you can't have more than -- make sure there is not more than 10 percent lethal on any particular flight.

They flew a few flights that way. It continued to be debatable, continued to be controversial. Elliott Abrams was uncomfortable with it.

Then we had one flight that the FDN tried to take off with, sneak out, that was almost totally lethal.

- Q That was in February of 1986?
- A Something like that. I don't remember the date, but it is that time frame.

And our man caught it, and he reported it, and at that point Elliott Abrams said, "Let's knock this off totally and completely. This is too sensitive."

So, someplace in there the 10 percent rule went away. That is how I remember it.

Q Let me represent to you that one of the cables

I have says that -- a cable of February 22, 1986 discusses

the flight that was here described as 50 percent lethal.

It is fair to say as of that date, as of

February 1986, you knew that lethal assistance was being

shipped out as well as hunanitarian aid; is that
right?



### UNCLASSINED

I think it is fair to say before that.

98

| 2  |   |
|----|---|
|    | i |
| 3  |   |
| 4  |   |
| ·  |   |
| 5  |   |
| 6  |   |
| ٠  |   |
| 7  |   |
| 8  | ĺ |
| ٠  |   |
| 9  |   |
| 10 |   |
|    |   |
| 11 |   |
| 12 |   |
|    |   |
| 13 | ļ |
| 14 |   |
|    |   |

15

16

17

18

19

20

21

22

23

24

25

As I said, sometime in February, but maybe before that date, yes.

Q How did you discover that they were shipping lethal assistance out of there?

A I don't directly recall that, but my guess is

-- I don't know. A sked us about it

or it came up at a RIG meeting. I just don't recall how it

came up specifically, but at one point in time one knew

there was lethal stuff there.

Q Who did you understand to be the people shipping the lethal stuff out?

A I understood at that point in time that the FDN suppliers, the same people that are provided our supplies, I thought, up to around -- all during 1985 had taken some supplies into and it make perfect sense because weren't allowing anything to come into the country at that point in time.

So, I thought they had just taken it on in.

I never asked the question and I don't remember specifically focusing on it.

Q Well, would you agree with me that you must have come to the conclusion in January or February that the same people that were shipping the humanitarian aid were shipping the lethal aid?

 $\label{eq:mcginn: I object to the form of the question.} \label{eq:mcginn: Mcginn: I object to the form of the question.}$ 

BY MR. BARBADORO:

- Q You can answer that. She is just putting on the record her objection.
  - A Would you ask the question again?
  - Q Sure.

Is it fair to say --

- A I heard the objection.
  You broke my concentration.
- Q Is it fair to say that in February 1986 that you knew that the same people who were providing the humanitarian aid and shipping the humanitarian aid were also shipping the lethal aid?
- A It is fair to say that, and let me tell you why it is fair to say that.

had stipulated that only FDNcontrolled aircraft could make that shuttle, and the
aircraft had to be covered by and affiliated with the FDN
and not U.S.-run airplanes.

supplies from the very early ones from to was the FD carrying lethal stuff all over creation, and I knew the Caribous, that the

C-7s, were when they were making that transchipment flight,

HAAL BOOKERE

### UNCEASSIFIEDT

were available for contract when not otherwise working for the NHAO contracts to carry over stuff for the FDN, and other stuff only meant lethal material.

I knew that that -- I knew that was going on.

Q Okay.

You knew that Gadd was the one that was leasing out the Caribous, right?

- A Yes.
- Q And you knew that Gomez was the one who was used to get the contacts to get the planes into in the first place, right?
  - A Yes.
- Q And you knew that both of those people had contacts with Ollie North. Because it was North that had suggested Gomez as the person with contacts is and North was one of the people who was pushing Gadd as a contractor for NHAO, right?
  - A Yes.
- Q And is it fair to say that you knew that North had connections with these people as early as February of 1986?
- A It is fair to say that I knew that North was arranging for these people to be involved in this operation, and it is fair to say that I backed right away from it and didn't want to get involved in it.

IINAL EARITIFR

### UNGLASSIFIED

It is fair to say that I instructed

to stay away from it and instructed CIA people to stay away from it.

And I did not try to develop a clear picture of all those things.

Q So, you knew that North had connections to these people; and you decided at that point that you didn't want to know more, right?

A I knew at that point in time that that is right.

I was just not going to get involved with it. My job was and had been to keep the agency within the boundaries of propriety and to do what I could within the framework of the law to support the President's policy, and that is what I did.

I backed away and tried to make sure that everybody else backed away and stayed away from places where we saw potential grief.

Now, all that said, I did not try to put all these pieces together and say, "Look at that;" but I think there were about a hundred other people in this town with exactly the same degree of knowledge that I had, if you look at it.

Q But even though you knew these things about this resupply effort in February, you didn't inquire of Ollie North about what his precise connection was and who these

#### TWO! ACCIDIED

### **THOLASSIFIED**

did.

 people were and who was funding them, etc.?

A I didn't ask Ollie North questions that I knew or thought might put me someplace I didn't want to be.

Frequently, I did not like -- I wouldn't give
Ollie a chance to talk to me about those things. I certainly
didn't ask him where the money was coming from and what all
this stuff was and how all this was going down and tried to
keep myself uninvolved.

Q In February of 1986, you had a confrontation with Felix Rodriguez correct?

A Yes -- well, I had a confrontation in that time frame. I am not sure it was February. I could check the record and get the date.

Q Can you describe the circumstances of that situation?

and I got a message while I was
that because of the friction at

Max Gomez, in particular, and the Ambassador being
concerned about that whole operation, where and how it was
going to work, he asked me to come over -- Ambassador

while I position, you know, what is position and it was very clear that only, as I have said, planes

IINOL ROCIEIED

Ą

#### UNCLASSIBLED

controlled by the FDN, FDN contractor or owned airplanes could make that

And both Ambassador and were very firm on that point. They said, "If you deviate from this at all, if there is any deviation, we will get back into the same brouhaha, and they will close down the flights immediately. And make sure they understand that because they don't believe NHAO can run this thing."

So, I flew over t

and I landed there. . Our

met and they were both jumping up and down, because they knew the rules, too.

They said, "There is a big C-130 over there loading up over there." And I said, "What? Where is it going?"

And they said, "It is going to take it to

They said, "No, it's not. If it goes there it destroys the whole procedure."

And I said, "Let me see it." So, we drove over and looked at it, and there it was, the SAT C-130. I walked up to somebody -- and to this day I don't know who it was -- and I said, "Where is that going?" And they said, "It is loading those supplies to go to

#### HUMI ACOUTED

1 2 3

end mag

### CHARLESSY ZOND

And I said, "Who told you to do it?"
"Felix."

And I said, "Where is Felix?"

They said, "He is in his hooch." And there were a bunch of people around the warehouse, loading this airplane up.

Q What was it being loaded with?

A I don't know. I never looked at the cargo, but it was boxes, not ammunition boxes. Soft boxes, cardboard boxes. You can tell an ammunition box from another box.

Q So you can't say what was in it, but you know it wasn't ammunition.

A It wasn't ammunition boxes. They are all wooden boxes.

These were cardboard boxes. Looked to me like it was software, uniforms and quartermaster and such. I didn't walk into the airplane. I just looked at it and watched what was on a truck ready to go up the ramp. I went in, introduced myself to Felix.

This is the one and only time I have ever met

Felix. I shook his hand, said, "Hello," told him who I was,

Chief of the Central American Task Force.

IINOI ACCIPIEN

Boyum bp-1 THOCLASSIFIED

5

"Where is that C-13 going?"
"Who told you to lead it?" He said, "Ollie." I said,
"It can't go." I'm not sure. Correct that. I said,
"It can't go to an and I said, "you just can't send it."

He said, "Well, Ollie told me to send it."

And I said, "Well, let's call Ollie." So he picked up
the telephone and dialed Ollie's phone number. He said a
few words to Ollie, and I picked up the telephone. And
I said, "Ollie, that god-damn airplane can't go. If
you do it, it is going to bounce the whole agreement. It
just can't go."

And Ollie said, "Okay, give me Felix."

And I gave it back to Felix, and the airplane turned around and went back, and I reiterated the ground rules to Felix and met with the told him about the incident, told him about the ground rules, reinforced to

that we were not to be involved, and told the

The next morning I left, I believe, and I came back and told Admiral Duemling about it and to this day I do not know how that C-130 got down there or why it got down there or what it was doing. I only know -- that was the specific actions I did to keep the agreement from being imperiled.

You would agree with me that you knew that

1

3

7 8

9

6

10

12

14

16 17 18

19

20 21 22

23 24

### THE ASSIFIED

106

at that point that Ollie North was controlling this operation?

A I knew at that point that Ollie North was probably involved in it, yes; and that Felix would respond or would talk to Ollie, and I knew he wouldn't listen to me.

Q He wouldn't listen to you, but he would listen to Ollie.

- A He didn't like me. I was CIA.
  - MR. BARBADORO: Off the record.

(Discussion held off the record.)

BY MR. BARBADORO:

- Q Back on the record.
- when did you learn that missions were being flown from to receiptly Southern Front troops?
  - A March maybe.
  - Q How did you learn that?
  - A Reporting from
- O Do you recall getting requests from for flight vector information, weather reports, intelligence

for southern flights.

- A Yes.
- Q Is that how you would have learned when you got that information or request for flight vector information for the flight.

thai recitica

#### TICEI ESSIRIED

107

| ~ |
|---|
|   |
| _ |
| 3 |
| _ |

1

4

5

9 10

11 12

13

14 15

> 16 17

18 19

20 21

> 22 23

> 24 25

> > A ....

| A      |     | Eit | her | that | or | maybe | a | report | that | a | drop | too |
|--------|-----|-----|-----|------|----|-------|---|--------|------|---|------|-----|
| place, | one | of  | the | two. |    |       |   |        |      |   |      |     |

When you got those requests from what did you understand his role to be in the operation?

I understood his role to be one of passing that information on to someone in the Southern Front set-up. By that time we were setting up the Southern Front communication center and either getting it to the FDN or getting it to the private benefactors for delivery. But -- or passing so they could coordinate operations.

So he was, as you understood it, merely receiving the information passing it on to somebody there who would then relay it to the right people.

Or passing it, yes, passing it on, essentially, yes.

When you learned that these flights were going to the southern front, how did you understand they were able to make the flight direct from and back without stopping.

I thought they were C-123 K's with extended range capability. The C-123 K can make that range.

And the flight vector would have been for a plane of that type that would make a round trip without

TINOI ACOIEIED

#### THAT ASSIFIED

|     |   | stopping | • |
|-----|---|----------|---|
| . 1 | 1 |          |   |

A Yes.

Q You didn't have any idea they were using an air field as a place to refuel.

A I still don't think they did. I had no reason to think that the air sier was operational and that they were making stops and staging out of there.

Q Did you have any idea that your on at least two occasions arranged for the planes to refuel

A No -- my arranged for it?

Q Yes.

A No.

Q Did you know that they stopped to refuel at

A I heard one time that they stopped to refuel there and I thought that what I had heard -- I heard this subsequent to that, just recently as a matter of fact, that the DAO, someone at the DAO's office arranged for their being refueled.

O What is DAO?

A Defense Attache Office. But I did -- you just told me for the first time that our made that arrangement. I did not know that.

MR. BARBADORO: Let me have this marked as

WALL UNO! ROOKLED

#### INDIA RESURET

109

1 2

5 6

7

8 9

10 11

12 13

14 15

17 18

19

20 21

22 23

24 25

Exhibit 9, a cale dated 11 April 1986, regarding night flight by NAHO L-100, CIIN Number 2008, and as 10, a cable dated 12 April 1986, subject flight aircraft, CIIN Number 1710.

> (The documents referred to were marked for identification as

Exhibit Numbers 9 and

10, respectively.)

MS. MCGINN: That should be

MR. BARBADORO: 10, yes. It has been a busy couple weeks.

BY MR. BARBADORO:

Exhibit 9 and 10 describe an L-100 resupply flight that arrived on April 9 then left on April 10 and apparently made a drop to the Southern Front of lethal assistance.

Having read these cables, do you remember receiving them?

No. But that doesn't -- I received cables a month, and I just don't remember those two.

Having read the cables, do you remember the flight?

I remember -- now I know from after the fact that an L-100 or I have seen after the fact that -- allegations that L-100 went in there, but I don't remember having read

MIND ACCICIED

UNIX ASSAM bp-6 those or remembering that specific flight at that point 2 in time. Would that have been a I have no way of knowing, no. Do you recall that the L-100 made a lethal drop to Southern Front? I recall reading some place that L-100 did make a drop to the Southern Front. Okay. Q I don't recall where I recall that from. are Southern Front commanders? All Southern Front commanders. Did you have any knowledge of this flight 14 prior to the time that it left? 15 No. 16 Did you ever discuss this flight with Oliver 17 North prior to the time it left? 18 No. 19 MR. BARBADORO: I would like to mark as 20 11, a CL-43 message from Ollie North using his alias, 21 Goode, to, I believe Richard Secord. In any event it is 22

a message obtained from STTGI.

(The document referred to,

was marked for identification as

Exhibit Number 11.)

23

24

25

#### UNCLASSIFIED 111 THE WITNESS: I don't recall ever discussing that with Ollie North. MS. MCGINN. I haven't finished with that. THE WITNESS: What is the date of that, may MR. BARBADORO: It doesn't have a date. By context it would be before the flight. THE WITNESS: I have no recollection of having discussed that with Ollie North. BY MR. BARBADORO: would you agree with me that this Exhibi 11 appears to describe the L-100 flight which we know from ---- that we know from 9 and 10 we know

May I see it again?

made the drop on or about April 10, 1986.

It could describe that, yes. It looks like it does.

Would you also agree that the message says that has approved the proposed flight?

That is what it says; but as I said, I have no recollection of ever having discussed it. And it was not within my pucific to have approved such a flight, and I wouldn't have done that.

Let's be clear. Are you saying you did not

CHOLACOFEED.

1 2 3

4 5

I ask?

6 7 8

10

11 13

14 15

16

17

18 19

20

24

Ъp

1 2 3

## UNCLASSIFIED

approve this flight prior to the time it left?

A What I am saying is I don't recall ever having discussed that flight with Ollie North. I don't recall having sort of said I approve that flight. It was not in my purview to have approved that; and given my posture and the way I dealt with all this stuff, the very most I would have done is listened. And I don't recall even having listened. I don't recall talking with Ollie North about an L-100 flight going into the Southern

Q Did you approve any of the Southern Front results of the southern Front results of the time they left.

A Did I approve? No, as I said, I was proscribed from being involved in those things, and it was not mine to approve. And I wouldn't say, "Drop to " or this or that. I would not do that. That would have been a clear violation of the law.

To do so would have been folly of the first order. I did not approve those flights.

Q You agree with me that that message says that has approved?

A I agree with you what the message says, but
I also know there are other things that I am alleged to
have done in Ollie North's messages that I didn't do.
There is also the REF note where --



### UNGLASSIFIED

113

| Q | Go | ahead. |
|---|----|--------|
|   |    |        |

A There is the note which I have read in which I am alleged to have done something with regard to telling him to buy food that I didn't do.

MR. BARBADORO: Off the record.

(Discussion held off the record.)

BY MR. BARBADORO:

Q Back on the record.

Oliver North made a trip to on or about April 20, 1986 with Richard Second. Do you know he made that trip?

A No.

Q You were not down there at that time?

A Now not with them, and I don't know what my travel record is; but I was not with them on that trip.

Q Do you recall in cable traffic the meeting is described as a meeting with U.S. officials and officials from the FDN was at the meeting, and other FDN officials.

Do you recall that meeting at all?

A I recall sometime in the spring of the year ing \_\_\_\_\_, but I couldn't put a date and time to it without reviewing extensive records.

You were not at that meeting?

A I was not at that meeting, nor were any other

#### UNCLASSIEIED.

> 11 12

10

13 14

16

17

18 19

20

20

21 22

23

24

bр

## UNCLASSIFIEDT

| CIA personnel that I am aware of. | CIA | personnel | that | I | am | aware | of. |
|-----------------------------------|-----|-----------|------|---|----|-------|-----|
|-----------------------------------|-----|-----------|------|---|----|-------|-----|

|       | Q    | When   | did | you   | become | aware  | that | there   | was   | a  |
|-------|------|--------|-----|-------|--------|--------|------|---------|-------|----|
| probl | em w | ith    |     |       | rega   | arding | his  | relatio | onsh: | ip |
| with  | the  | rivate | bei | nefac | tors?  |        |      |         |       |    |

| A  | March 1 | 986 and | whe  |          | when   | we | discussed |
|----|---------|---------|------|----------|--------|----|-----------|
| it | was     | when I  | knew | that the | re was | a  | problem.  |

- Q What did you understand the problem to be?
- A Direct contact with the -- passing information directly to private benefactors.
- Q Did you know how he was passing the information directly?
  - A No.
  - Q What was it about his role that was troublesome?
- A Well took the lead in that discussion somewhat as I think I have testified, and that surprised me in the way he came on in the discussion. As this unfolded, what was troublesome was it became clear that was passing information directly to the private benefactors and that was something that we were not to do.
- Q If he had merely received the flight vector information and passed it on to the contra leaders in by giving them the message, that wouldn't have been a problem.

A That wouldn't have caused me a problem, no.

#### TIMUT VCCIETED

рb

# UNULASSIFIEDI

It was a direct contact and direct association, not so much that we thought it was illegal. We thought we were putting ourselves in harm's way much the same way I backed away from Dick Gadd and much the same way we backed away from all these people. We knew that this was, as I have said, I knew that this was potential dynamite and that we, CIA, wanted to stand clear of this thing and stay within the boundaries of propriety and not get involved.

We felt that that direct contact was, and passing information was too close, too much involvement and laid ourselves open to either criticism politically, which is what we were most concerned about, or worse.

as I said, took the lead and that surprised me in laying down very clear instructions that all I think, understood.

Q When did you learn that had a secure communications device he was using to communicate with the private benefactors in the Southern Front?

A Octoberish, late October when this whole issue became— when we started to investigate the issue — let me back away from that. We went down to a trip with Elliott Abrams sometime in October, right after the law had passed, and we made one of our swings down to say, and now this is what we are going to do, and we stopped in

#### HNGT VCCILILD"

| 1  |   |
|----|---|
| 2  |   |
| 3  |   |
| 4  |   |
| 5  | l |
| 6  | l |
| 7  |   |
| 8  |   |
| 9  |   |
| 10 | ١ |
| 11 | l |
| 12 |   |
| 13 |   |
| 14 |   |
| 15 |   |
| 16 | ١ |
| 17 |   |
| 18 |   |
| 19 |   |
| 20 | l |
| 21 |   |
| 22 |   |
| 23 | ١ |
| 24 | t |

each country and made our briefings. told me that he had had these contacts and these phone calls had taken place, and they were likely to break in the newspaper.

Ambassador admirs! Tambs told me the same thing. back and reported those and shortly thereafter our compliance officer, went went to guess, it was, and debriefed and came back and said had this communications device. That was the first point in time that I had heard about it.

- Okay.
- That I recall hearing about it, and I think I have a pretty clear recollection of that on that case.
- Did you ever give aerial photos to North to pass on to the contras?
  - Did I?
  - Yes, in 1984.
  - Aerial photos? In 1984?
- How about specifically concerning some that the Sandinistas were acquiring or were using?

No, I don't think I did. I don't recall doing it, and I don't think I would have.

Did you ever provide North with of battle information, something like that, to give to the contras?

25

HING ACCITIED

## UNCLASSIFIED<sup>T</sup>

117

| 1  |    |
|----|----|
| 2  |    |
| 3  |    |
| 4  |    |
| 5  |    |
| 6  |    |
| 7  |    |
| 8  |    |
| 9  | li |
| 10 |    |
| 11 |    |
| 12 |    |
| 13 |    |
| 14 |    |
| 15 |    |
| 16 |    |
| 17 |    |
| 18 |    |
| 19 |    |
| 20 |    |
| 21 |    |
| 22 |    |
| 23 |    |

24

25

A Certainly not before the law changed in December 1986 and I don't recall doing it after that point in time. He made some requests, but I don't recall giving -- as a matter of fact, I know a couple times I didn't.

Q Rob Owens says that in 1984 he was given photographs of aerial photographs of to carry to Calaro, and he understood they came from you.

Do you know why he would have gotten those photographs if he didn't get them from you?

A Anyone of a number of places but I don't know where.

- Q We have gotten them from the agency?
- A Probably could have gotten them from the agents. Could have gotten them from the DOD, too. They would have contact with him. I can tell you categorically I did not give him those photographs in 1984.
- Q Do you recall giving some maps to North to be brought to the contras in March of 1985?
- A No, and I wouldn't have done it in March of 1985 because the Boland restrictions were still in place.

  I would have found a way not to comply with a request like that if I was given one.
- Q Do you recall giving any maps at any time to North to be brought down to the contras, maps that were too large to be carried on a commercial flight?

#### HNGT V G STEILD'

## UNOLASSIFIED<sup>T</sup>

Did y A da A CACHETA North to give

118

God, no. 1 Absolutely not. Do you have any idea what I am talking about? 2 3 Throw out your exhibit and let's look at it. Big maps? 5 I'm sorry, I don't have the first interviews 6 7 of Robert Owen. I have the second. I will just quote a passage from it. 8 On the map story of March 1985, previously 9 summarized, Owen said had prepared the maps 10 which he was supposed to take to the FDN. At first, 11 however, the maps he gave would be too large to carry on 12 commercial flights, and they had to have them redone." 13 Do you know what he was talking about? 14 No, and in 1985 we had hard core Boland 15 restrictions and we would not have prepared maps to give 16 to the FDN, because we were prohibited from providing 17 any intelligence. I would not have done that kind of 18 task. 19 You didn't do it at that time? 20 A No. 21 Do you recall doing it later? 22 Intelligence maps for the FDN? We provided a 23 lot of intelligence of 1985, but I don't recall preparing 24 a big map and that kind of stuff. 25

## UNUL ASSIFICATI

119

to them?

A North asked me one time as I -- at some time for air defense information, jumping up and down; and I don't think I gave it to him, but this would have been in the spring of 1986. I don't think I gave it to him, but he was particularly forceful at that point in time. And I don't think I did, but there is a possibility I might have. But on the other thand, that I didn't.

He would ask for intelligence, and I would back away from it. Now there is -- he could have gotten a lot of other intelligence in his role as director of Central American Affairs for NSC. It was entirely possible I provided briefing boards for the President or for Poindexter or McFarlane, because he would ask for them and I don't recall specifically doing it, but where I would have done a briefing he would say, ""Give me that. I want to use it for briefing," this or that or the other thing, and I may have given it to him.

But, "Would you take that down and give it to the contras or the FDN for me," that is not how we do business, and it is also against the clear instructions in the prohibition.

Q North asked you for intelligence information at a couple points that you didn't give him.

A A couple points in time I backed away from it,

LIND! ACCITION

1

4 |

7

9

11 12

13

14 15

16 17

18

19 20

21

22

#### 120 Did he say it was for the contras? 1 2 No, it was for the NSC, but I didn't give it to him because I didn't like the feel of it. 3 You went to a meeting in Don Gregg's office in 5 August with, among other people, Michael Abrams. I don't think Abrams was there. 6 You don't think Abrams was there! No. When did that meeting take place? . Sometime in August of 1985. 10 The date is around the 14th of August. 12 don't remember the exact date. 13 Who asked you to come to the meeting? 14 Don Gregg. 15 Did he say why? 16 To discuss if he likes Rodriguez and problems and 17 such. 18 Did anyone else from -- was anyone else from 19 CIA asked to go? 20 No, just me. 21 Who else do you remember being at the meeting? 22 Bill Walker. Admiral Core, I think. Ray 23 myself, Bob Earl, Watson, and Don Gregg. I am vague on whether or not Colonel Steele was there. 25

TINUT VEGIEIED

# UNULASSIFIED T

| just can't remember. Vaguely I remember he was, but I |
|---|
| would never put my hand up and swear to that. I don't |
| think Elliott Abrams was there.                       |
| O Tableboom and with Table 1 for all                  |

 $\ensuremath{\mathtt{Q}}$  . I think you are right. I quoted from the wrong list.

A I don't think Jim Michael was there, although he could have been. Bill Walker was the senior state representative at that meeting, I think.

MS. MCGINN: Was that 1985 or 1986?

. THE WITNESS: 1986.

MS. MCGINN: I think you said 1985.

BY MR. BARBADORO:

Q How long did that meeting last?

A I can't -- half an hour. I don't know, 45 minutes. Wasn't a long meeting, as I recall.

HAICT VZZIEIŁD

#3A BOYUM/mag

## INCLASSFIEDT

Q And what happened at the meeting?

A The thrust of the meeting was two-fold. Some of this I recall now after reading over accounts of it. The part of the meeting that I remember was I was getting beat up severely by Don Gregg about the negative agency attitude about Maximo Gomez, Felix Rodriguez, who was really a good guy and not a bad guy and who had the best interests of the U.S. Government at heart and so on. And he really didn't understand why I didn't love him and that we should understand that he was a decent person.

And they went into great lengths to convince me that he was -- he, Felix Rodriguez -- was okay.

Then there was a long discussion about the aircraft and that Felix was afraid that they would be stolen by disreputable characters. My recollection of that has been significantly refreshed by reading things in the newspaper subsequent to the meeting.

 $\label{eq:continuous} I \ \mbox{didn't really recall that other meeting, but}$   $\mbox{I do now.}$ 

Q Who was the disreputable characters that were discussed?

A He didn't go into great detail on that. He didn't name names, as I recall. I remember at that point being once again distinctly nervous -- not nervous, but just uncomfortable being there. I didn't like the way the

HAIM, A GOITIED

1 2 3

2

4

6 7 8

9

11. 12

13

15 16

17

18

19 20

21

22

24

25

## UNCLASSIFICET

12:

discussion was going. It was obvious that they were leaning in on me to make some declaration about what we were going to do with these airplanes when the program came back on line, because at that time it was clear we were going to have

- Q Prior to that point, had North come to you and asked you to purchase the aircraft?
  - A Yes.
  - Q When did he come and ask you to purchase the aircraft?
    - A July-ish.
    - Q What did he tell you about the aircraft?
  - A He just said, "Why don't you purchase these airplanes? They are there, working. They are good airplanes. Could you buy them for -- would you be willing to buy them? Why don't you buy them?"

I told him, "Ollie, they are hot cargo. First, they are bad airplanes, junk buckets."

- Q You knew they were in terrible condition.
- A I knew from way back with our discussions with Dick Gadd that the C-7 was a bad airplane. We knew technically it is a bad airplane.

We know they are old. We know that to maintain them is difficult. They are gas hogs. They are not reliable, blah, blah, and told me a long time

INIPI ACCITITO

## THE PROPERTY OF THE PROPERTY O

back in this operation we want good equipment. He was the fellow that was one of my advisors. So we had made a decision in May what kind of airplanes to fly.

And I told Ollie, "No, they are hot cargo, they are bad airplanes, and I am not going to buy them."

- Q Did he offer to sell you the air strip, too?
- A The air strip in
- Q In

A No, because at that time we never -- at that time the thing was shut down an had said had said



- Q Did he discuss a price for the airplanes?
- A No, I don't remember a price on the airplanes.

  I can't say yes or no, because I have read so much subsequent to that.

I just remember him asking us to buy the airplanes.

- Q Did he tell you who would be selling the airplanes?
  - A No.
    - Did he tell you how he had come to be authorized

1 2 3

# UNGLASSYFIED

to offer them for sale?

A No, he said, "Why don't you buy them from the private benefactors? It would be a good thing, and then you could have

I think what he really wanted for us to do was pick up the whole thing, kit and cabocdle.

Q At that point, did you know that Secord was connected with the private benefactor operation?

A By that time I had developed an understanding that Second was around it, but I don't think it really crystallized even at that point that Second was the private benefactor.

But I knew that -- I knew he was around it. If you recall, there was an announcement or a publication, I think, prior to that or around that time on television that Secord was involved in the sale of the Maule aircraft and so on and so forth, and either right in that time frame either before it or shortly after it, I began to develop an understanding that Secord was really -- had his footprint on the middle of this thing.

But I didn't really know the extent and depth of it until things started to unfold in the fall of the year.

Q Let's go back to the meeting in Gregg's office.

Was there any discussion about the fact that this -- that Felix had been charged with air piracy for

MAIN ACCITIED.

,

# UNIX ASSIFIED T

was upset about the way Felix was being treated and that the whole operation was in danger?

A There were discussions about Felix having tremendous friction with the people running the airplanes.

being upset, thinking that the airplanes were going to be stolen or taken away and they would not be available to support the resistance.

The air piracy thing I don't remember specifically; but I remember there was a lot of discussion about the friction, the tension, the bad guys, Don Gregg warning us -- Don Gregg has told me subsequently again. And I had forgotten this, and he says -- he said it, so I believe it warning me not to buy the airplanes. And I told him, "Don't worry, we are not going to buy them anyway. They are hot cargo," blah, blah, we won't touch them.

Then I remember walking out of that meeting and rolling my eyes, saying that that was the wrong meeting to be at.

Q Did Don Gregg mention Ollie North's relationship to these private benefactors in this meeting?

A The clearest recollection I have of Ollie North out of that meeting was Bob Earl saying, "Ollie North should be here. Ollie should be at this meeting," a I-really-don't-know-what-to-say kind of thing.

HAIOLA CCIEIED

TOPHICEALDAY

Q Did Gregg mention Ollie North's connection with these people in any way?

A I don't recall him specifically mentioning
Ollie North's connection with these people. I remember
him looking -- I remember him and Bob Earl talking about
Ollie and saying -- I don't know, really -- Ollie should be
here to answer the questions.

I remember when Ollie came back he was upset that the meeting had taken place.

- Q You remember -- you were told at least that Don Gregg -- you do remember that you were told -- Don Gregg said to you, "Don't buy the aircraft."
- "A Yes, and I don't doubt that he said something like that.
- Q What other decisions were made or discussed about how to deal with this problem?

A There were no decisions made. Everybody was terribly reticent at the meeting. I remember Bill Walker, Ray Burkhardt, and myself were backing away from this thing, saying, "Yes, yes, yes. Ambassador Core was -- they are talking in terms of the importance of the Felix Rodriguez connection and that that is an important thing, and you can't try to break that. They are padres," and

so forth and so on.

The only two things that I can remember that were INCIACCIFIED

TARIBASSA GUNT

123

1 2 3

7

4 5

7 8 9

6

10 11

12 13

14 15 16

17 18

19

20 21

23

122

24 25 decision-ish was that we would sort of not trash Felix, that we would just try to -- try to get along with him, and we had taken that decision.

And second was I said, "We are not going to buy those private benefactor airplanes for these reasons. Don't worry about it." That sort of closed down that area of concern, as best I can recall.

- Now, you have said that when you walked out of the meeting you said to yourself, "This is a meeting you shouldn't have been at."
  - A Would rather not have been at.
- Would rather not have been at. And you can recall everybody trying, or most everybody trying to back away from it.
  - · A Yes.
- Was it your feeling that things were being discussed at this meeting that you didn't want to know or that it was possible that things would be discussed that you didn't want to know?
- It was possible. I think my recollection was there were things being discussed there that I was not interested in knowing, yes, or being involved with or being around; and I just wanted to be away.
  - You knew it was dangerous if you heard things about Ollie North's connection with this group, right?

#### IINIOI ACCIEIED

3 4

# UNCLASSIFICAT

A I knew that I -- I knew from the very beginning of my time in the task force that I wanted to stay away from harm's way and backed away from things that were, in my view, controversial either politically or questionable legally, and my tack was to play a passive role, to not seek things out and look the other way.

Q Why were you so concerned about looking \*he other way at this meeting?

A Well, because there was discussion of -- they were discussing the private benefactors. They were discussing Felix's role with the private benefactors and sort of indicating to me that they wanted to really come to grips down to the nuts and bolts of that operation.

Q Weren't you concerned that when you got to the bottom of it there would be a U.S. Government connection to the private benefactors and that raised a question of illegality and you didn't want to know that?

A There was a concern that I didn't want to be in that meeting, because I didn't know where it was going.

And I wanted to back away. You know from most of your fact gathering and from my testimony that that is what we did at the agency consistently. Whenever we were someplace we felt uncomfortal the we backed away.

Q But let's be clear. You knew Ollie North was just as close as could be to this operation, and you didn't want

#### IINIOI ACCIEIED

# UNDLASSIFIEDI

to have anybody tell you that directly, so you wanted to get out of that meeting as fast as you could, right?

A I didn't want to discuss it. And I wanted to get out, be out of that meeting so that I was not in that situation where we were discussing the inner workings of what was going on.

Q But be frank. The reason you didn't want to discuss it is because you knew of Ollie North's connection and you didn't want to have anybody confront you with it?

MS. MCGINN: Objection to the form.

You have asked that a number of times and you know you are fishing for an answer, but he gave you an answer.

BY MR. BARBADORO:

- Q Give me an answer.
- A I will give you an answer.

Our policy -- I think the U.S. Government policy, the agency policy -- was one of keeping ourselves legal, not getting involved with the private benefactors, and not interfering with their operations and looking the other way, not probing it, not interfering with it, and not supporting it.

And I was keeping -- I was staying -- I felt that that meeting put me in a place where I was being pulled beyond where that policy took me, and I didn't want to be involved in it. And I didn't want to be involved in a

#### **TANUT VGG TELED**

# UNGLASSIFIEDT

discussion of what Ollie North or anybody else -- Felix

Rodriguez -- may be or may not be doing. I didn't want to

be involved in that. I wanted to stay out of it.

Q If there were no U.S. Government connection to what Felix Rodriguez were doing there would be no problem for you knowing about it; isn't that right?

A If there were no U.S. Government involvement -- that is right, yes.

Q The problem you were worried about was the possible U.S. Government connection, right?

A The problem I was worried about was the unknown, where the money was coming from, and getting involved in what may be a private benefactor operation that related back into the unknown that I didn't want to be associated with; because I was still dealing under restrictions, restrictions saying that I could not be involved in providing support to the contras outside a very narrowly defined thing.

Q But your knowing about it wasn't providing support.

A That is right, but I didn't want to know about it. And that is, you look through the testimony from October of 1986 after the C-123 crashed in southern Nicaragua, in testimony in front of the Senate Foreign Relations

Committee. That is exactly what we said. We remained in the status of willful ignorance on this.

TATAL TARGET TO THE CONTRACT OF THE CONTRACT O

# Q You knew that Ollie North had a pre-existing

132

2 relati

3

1

4 5

6

7 8

9

11

12 13

14 15

16

17

18

19

20 21

22

23 24

25

Q You knew that Ollie North had a pre-existing relationship with Max Gomez, right?

A Yes.

Q You knew that he had a relationship at least to the extent that he was supporting Gadd's effort to get a NHAO contract.

A I knew he was arguing in favor of Gadd -- was a proponent.

Q You knew in February of 1986 that Ollie North was in a position of controlling the disposition of these flights.

A Not controlling. I knew that he was in a position of influencing them, and that Felix listened to him and wouldn't listen to me.

Q You knew Ollie had pictures of the private air strip?

A Yes.

Q And you knew Ollie discussed the air strip on several occasions?

A Yes.

Q Isn't it true that you knew that Ollie North's fingerprints were all over this private benefactor operation and the reason that you didn't want to be at that meeting was you were afraid somebody might say it?

A I knew from I think when we start back into

MARIA RELEIGH

# INCLASS PAPET

November of -- early December-January of 1985 that Ollie North was deeply involved in the program for arranging private support to the resistance forces.

I have said that from the beginning, from the time we began this thing. I did not know the details of how Ollie did that. I didn't seek the details of how Ollie did that. I didn't know whether or not he was directly involved in the management.

As time came along and as I -- as this developed,

I developed more of an understanding of Ollie being in the
center of this thing. I still didn't understand the details
of it, but I knew that he could influence it.

I knew that he could affect it. I knew he knew what was going on, and I knew he knew the details. And I took a position that I didn't want to know the details, and even on a couple occasions Ollie said, you don't want to know."

I said, "You're right, I don't want to know."

And I didn't want to know. I felt this meeting put me in a position where I might hear things I didn't want to hear.

O We have reached --

A I said to myself, wrong meeting, wrong time, wrong person. I shouldn't be here.

MR. BARBADORO: We have reached a time where

"TINGTVSSIETED"

# UNCLASSIFIED<sup>T</sup>

I have to break if I am going to make my flight.

I would represent to you that I have very few questions. I would imagine that the people from the House would have a few, and I would think maybe another hour or two, if we can schedule it sometime when you got back from your trip, we can finish it.

If there is nothing else, we can adjourn the deposition until a time we can agree to reschedule it.

(Whereupon, at 2:37 p.m., the deposition was adjourned.)

HNUT VUCKERD

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Question or
Duplication

UNCLASSIFIED

ORIGINAL

Herrs 2052 /

CONTINUED DEPOSITION OF

1/21/87 Visition Kalloner

Monday, May 11, 1987

Select Committee to Investigate

Covert Arms Transactions with Iran,

U. S. House of Representatives,

Washington; D. C.

Committee Hearings

U.S. HOUSE OF REPRESENTATIVES





Partially Declassified/Released on 130-4/1977 under provisions of E.O. 12356 by 3. Reger, National Security Council

OFFICE OF THE CLERK

UNCLASSIFIED

COPY NO SA OF SE COPE

BOYUM/mag

## TENCINSSIFIED

CCATF

Monday, May 11, 1987

Select Committee to Investigate

Covert Arms Transactions with Iran,

U. S. House of Representatives,

Washington, D. C.

The select committee met, pursuant to call, at 9:00 a.m., in Room H-139, The Capitol, with W. Neil Eggleston (Deputy Chief Counsel of the House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel;
Richard H. Giza, Professional Staff Member; Tim Traylor,
Investigator; and Robert W. Genzman, Minority Counsel, on
behalf of the House Select Committee on Covert Arms
Transactions with Iran.

W WIND COUNTY

## TOPLASSMET

MR. EGGLESTON: as you know by now, my name is Eggleston, Deputy Chief Counsel to the House Select Committee.

This is a continuation of the deposition that you began a week ago last Friday, and we appreciate your coming back. It is really at my request that you come back, and I appreciate your cooperating with us.

I just have a few questions that I was unable to ask at that time, because I was not available. Some of them are follow-ups on questions that you were asked at the time, and some are slightly in different areas.

I don't anticipate this will take very long at all.

I think when I am done, Mr. Giza, an associate staff member of the Select Committee, and is also a staff member of the House Intelligence Committee, may also have some questions for you.

Whereupon,



was called as a witness and, having been previously duly sworn, was examined and testified as follows:

#### EXAMINATION

BY MR. EGGLESTON:

you were asked last time, 10 days ago, about whether or not you had had any communications with Colonel November 1984, in or about November 1984,



5 6

### TOPLASSIFIED

about some I guess they are Hind helicopters that at that time had been transferred or had been introduced into Nicaragua.

Do you recall, first, being asked any questions about that last time?

A No, I don't recall any questions like that being asked about that last time.

Q Whether you were or not, I have some questions about it.

Do you recall that in November or so, the fall of 1984, there came a time when the agency learned that Hind helicopters had been shipped into

Nicaragua?

A Yes, I remember the incident very clearly, and I think with counsel's indulgence, the best way to set the ground work is to lay out the scenario.

Q I was just going to ask you to lay out the scenario.

A In late October or phereabouts, in 1984

ž.

TIMOL ACCIETED

# TRELABORED

There was considerable concern in the Administration at that point in time that was delivering MIG-21s because, you know, MIG-21 is a high performance aircraft, is one of the markers that the Administration has laid down. If the Nicaraguans do that, it precipitates at least the threat of certain actions.

there was an

interagency group meeting, I remember very well; because it was on election evening, 4 November. I was supposed to go off to sort of an election evening party with my wife, and they called an interagency group meeting at the State Department, and Tony Motlette chaired it.

I was there from the CIA. There were people from DOD, other State -- Oliver North was there. And general discussion was whether or not MIG-21s were coming, what we would do about it, what reactions could be done, and so on and on, so forth.

Among those discussions, as I recall them, there was some discussion about if MIG-21s come, are coming, even, then what? What actions do we have? And are the CIA contingency plans that were laid out in the past, which

TING! ACCILIED

9

11

10

14 15

13

16 17

18 19

20

21 22

23

24

#### THE STREET

I learned of at that meeting, still valid, which called for

And I explained
to them that is not within the law of feasibility, because

we were barred from

V33

That meeting broke up, and several days later -I don't remember the exact rime

ad delivered

what we thought were Hind 24-D helicopters.

It would have been some

time later in November.

And there was a lot of discussion then about what to do about Hinds, because it slipped in between the crack. It was a high performance, sophisticated system, but it wasn't a jet aircraft, and it didn't hit the markers.

And there was a lot of discussion about what the Hind does, how it impacts on the balance of forces between the Sandinistas and the resistance, and its performance capabilities.

And there may have been -- I don't recall specifically -- there may have been some discussion about what, if anything, could be done to take Hinds out; but it was very clear from that point that the agency's position was we couldn't do anything, that our hands were tied. And,

LINCLACCIFIED

# TOPLASSRED

therefore, the previous scenarios that we had discussed were -- had really worked out, were not, couldn't be further considered.

Q Was there any discussion about resistance in taking out the Hinds?

A Yes, because the resistance -- resistance in taking out the Hinds was

And one called for the use of -- both called for and so,

therefore, there was a lot of discussion. Specifically,

I asked, "That plan there, can it be done?"

And the answer to the above was "No, it can't be done."

Q I take it what you mean when you say it can't be done is the resistance could do it all by itself.

A The resistance didn't have the equipment or the expertise to do 15 to do the job and

providing the intelligence.

They had but they didn't have the equipment.

82-692 O-88-40

### INP SECIE

the Hinds?

Q

they were not really capable logistically of carrying off destruction of

That was our assessment, yes, and that was, in fact, true.

Do you recall whether around this period of time in connection with this incident any

maps showing positions were provided to Colonel North?

I don't recall that they were provided, but it is entirely possible. Everybody was jumping around and saying, "We want this; we want that; where is that; where is the other things?"

I don't recall giving him any intelligence, saying, "That is where they are," but someone might have. I might even have sort of at some point in time.

But in any event, if you did or if someone at your direction did, it was clear to you it was not so that that information would be provided to the resistance?

If I gave Colonel North any intelligence or anybody else did at that point in time, it was because of his position in the White House and his position as the NSC focal point for Central America affairs to keep the National Security Advisor and the President sort of briefed on what was going on.

And he did have access to, from multiple channels,

1 2

3 4

5

6 7

8

9 10

11 12

13

14 15

16

17 18

19

20 21

22 23

# TOPIASCRET

all the intelligence on this.

Q And then to follow up, so if it was provided, at least at the time -- assuming you did provide this material to Colonel North, it was not your understanding that Colonel North would be providing it to the resistance?

A That is exactly right, yes.

And I don't recall specifically having provided it to him, saying, "Here it is, Ollie. Take it."

Q I understand.

Let me just ask about a similar incident about which we have received some information. I just want your recollection, or whatever, of the events in or about March 1985.

We have received information from other people,
March 1985, there were additional maps provided to Colonel
North by people at the agency that reflected Sandinista
battle positions, maps and

Again, do you recall whether around that time you or anyone at your direction provided maps to Colonel North?

- A Let me get this -- March 1985.
- Q Showing Sandinista battle positions.
- A Sandinista battle positions. March 1985 would have been when the Sandinistas were preparing for their first attack on Honduras.
  - Q Right.

1 2 3

4 5 6

7

9

11

12

14

15 16

17 18

19

20 21

22

23 24

# TAPLASSIES

A The attack actually took place in early May of 1985.

Let me take the second half of the question first.

Q Sure.



I do not recall providing maps to Colonel North that outlined those positions.

There is a possibility, once again, in conjunction with his White House job, because I might have given him some schematics of what was going on — there was a lot of concern. The director was concerned. We were all concerned about what appeared to be a growing incursion into Honduras. It is possible that he asked for some schematics of those things, but I don't recall having given them to him and certainly didn't give him the kind of specific maps that would allow for tactical intelligence support, at least that I can remember.

- Q You don't recall, then, if it occurred, an incident where maps were provided to him that were not suitable for travel?
- A No. I was asked that before, and I don't have any recollection of that.
- Q I know you were asked that before, but from at least my understanding, I think that was after I had gone,

# TOY! SECIPLE

 and from my reading of the transcript there wasn't much connection to it.

A I want to say for the record, there were a few times in there -- and I can't put dates and places -- where I was asked for intelligence that I thought might have been bound for the resistance, and I didn't provide it, didn't respond.

I can't remember dates and places, but

I remember a couple times when I just -- I was very reluctant to provide that kind of stuff.

Q Were these questions that you received from Colonel North?

A Yes.

Q What kinds of stuff? I know you can't remember the dates.

A You know, what is this, can you tell me where this is, give me this map.

I just didn't want to get involved, because the restrictions were very, very tight on us, and I didn't know what would be done with them, so that was one of the places where I hung back, one of the first instances where I can remember hanging back.

Q This would have been the time period between October 1984 to August 1985?

A Yes.

 Q In the most restricted time period.

A Yes.

Q Do you have any recollection of what the specifics were that he was asking about?

A No, just vague generalities of being asked for things and just sort of going through the mental processes -- that is something to brief the White House, or is that something that is beyond that, and if it was beyond it, I just got a little reluctant to do it.

See, it is important to know that from almost the beginning in my dealings with Colonel North I applied roughly the same criteria that the law applied to dealing with the resistance. And I reader my activities within, roughly along the same lines, trying to balance his White House job, sort of thinking he needs this; but I want to make sure, because I knew he dealt with the resistance, that I wasn't going beyond what I could do with the resistance.

- Q Did you have any tangible information that he might be -- that he might have provided this material to the resistance if you gave it to him?
  - A No.
  - O Or is it just a feeling that you had?
- A No, he was very, very, very close with Adolfo

  Calero at that point in time. You can say he was the

  principal contact in the U.S. Government with Adolfo Calero.

 Yes.

And it was just one of sort of -- that

I think I testified to that point.

I approached from that point of view.

MR. EGGLESTON: Let's hold off for a second.

(Discussion off the record.)

THE WITNESS: That is my vague recollection, and I just wanted to lay out the way I responded to those things.

BY MR. EGGLESTON:

Q Let me ask you about another specific event, and just ask you whether you have any recollection of this or whether this is something you had heard about.

Again --

MR. PEARLINE: Off the record.

(Discussion off the record.)

BY MR. EGGLESTON:

Q I was about to ask you about another incident and ask you whether you had any knowledge of it. It is an incident that we have heard from other people we have talked to.

That is that in late March 1986 there was a SAT plane that was involved in a NAHO flight we have heard that there was a plan for the flight to drop

# TOP SECRE

13

2 3 5

1

6

7

10 11 12

14 15

13

16 17

18 19

20

21 22

23 24

25

medical goods at that location, to pick up agms, then to take the arms to where they would be packaged for an air drop. And when the aircraft landed in there were no arms released from the FDN so they could pick them up and make the drop.

We have also heard that various agency officers may have helped, or attempted to help, I guess I should say, in order to get the arms released so that this flight could pick up the arms and make a drop to the Southern Front.

Do you have any knowledge of this incident?

- Once again, that was touched on peripherally in my testimony last time.
  - I think that is right.
  - So let's take it from there.

The KL-43 message said that I approved the flight. That is not true. I don't recall having ever discussed that flight.

Certainly, given the posture that I took, I wouldn't have approved it even if someone would have discussed it with me.

The second thing it said was that keeping things from him --

I don't recall any of that.

Subsequently, I went back and reviewed all of the record and our files, and it is clear that during that time

#### TORSESPEED

frame there was traffic going back and forth about a supply flight to the Southern Front.

It didn't make reference to a SAT-C-100 or L-100 or talk in specific terms, but it did talk about a private benefactor flight.

Q Did you say it did or did not?

A It did not talk in specific terms, as I recall, the traffic, about an L-100 and how it was going to work, but it talked about a flight to the south and the fact that the FDN was not being totally supportive.

we instructed to work with -- tell the FDN that they should support that flight, should support that, and that he should press upon the FDN the need -- and we did it in this kind of a way, and I don't have the specific cables in front of me -- but they should impress on the resistance the need to share with the south and to support the south and to do -- meet with the FDN and make it very clear that that was our position.

Now, I think that is probably part and parcel to what General Second was reflecting on in his testimony when he talked about some support

It was, in our view and in the view of our general counsel, permissable under the modified guidelines in the Intelligence Act of 1985 for us to relay that type of information and play that intemediary role.

# TOPLIASSET

and was acting under instructions that we considered to be consistent with the modified guidelines of 1985.

But we didn't approve the flight. We didn't get involved, to my knowledge, nor did we instruct anybody to get involved in actually breaking things out or telling specifics of what should be provided, but just saying in a generic sense that you, the FDN, should share what you have and try to assist the south, because it is in your best interests to do so, and try to faciliate communication and cooperation between you two.

Q Was it at the time that these instructions were being given to the south that it was going to be lethal material that the south was supposed to break out in order to help out the Southern Front?

A If you look at the traffic, it wouldn't say "lethal material", but we didn't differentiate, and we were telling them to share what they had. And the problem was lethal material, and by inference, that was yes.

So, once again, our general counsel has reviewed that law and that law as we interpreted it, and as general counsel interpreted it, did not differentiate between lethal and non-lethal material.

#### TOPLABORED

It talked about being able to provide, deal in an advisory capacity, and in a generic context with material of all types and being able to work within a very carefully structured framework on that. And it was that interpretation we were working on at that point in time.

So, what I want to put on the record is, if that is the intent and that is the kind of assistance that General Secord was making reference to in his testimony, then that was being done by with the CIA headquarters' knowledge, specifically.

Q Does the cable traffic reflect that was also involved in attempting to get this material broken out for distribution?

A The cable traffic would reflect, as I recall it, being -- being involved in the process, yes.

Q As of this time, March 1986, you had a compliance officer, or whatever his name was, assigned to the Central American Task Force.

A Yes.

Q Was that

A It might still have been at that point in time. The and both were working there and reviewing the traffic.

Q What I was curious about is whether they gave any

# top secre

advice about this particular --

A They would have seen that traffic, and they would have been aware of it, and they would have given me advice if they thought it was a problem.

The practice was if I thought it was a problem,
I would refer it to them. They see all the traffic and had
access to it. If they thought it was a problem, they would
bring it to me and say, "That is a problem; you better
back away from that."

'As you review traffic, you can see places where we would come up and come back as we would stay within these parameters, and sometimes I pulled ourselves back, and sometimes the compliance officer pulled me back.

- Q Did you see the part of the -- I guess you have just mentioned it -- General Second's testimony where he indicated he had a personal meeting with Director Casey?
  - A I did.
- Q And I think that he identified that as taking place in about March or so of 1986. I think he was not absolutely specific on whether it was February or March, but at least in that general time frame.

Let me ask you first -- were you -- at or about the time this meeting took place -- were you aware that the meeting had taken place?

A I was not aware. I previously testified to that.

### TOPISECRET

#### Q Right.

Do you recall whether or not, or did you have any conversations with Director Casey around that time which led you to believe that he had met with Second or that he wanted the Central American Task Force to provide additional information or help to the contras?

A I had no such conversation with Director Casey and had no indication that -- or no pressure from him to modify our operating instructions.

- Q Anything from Mr. George?
- A No.
- Q Or anyone else, I take it?
- A No.
- Q There was an incident which took place apparently in March of 1986 -- in or about March of 1986 -- where General Singlaub went to Central America and met with Eden Pastora and concluded an agreement on behalf of the United States Government.

Can you tell me -- and you are pretty good giving these in narrative fashion -- what you knew about that event, whether you knew of it in advance and what reaction to re was to it?

A I didn't know about it in advance, and I don't think anybody else did in advance.

As I testified previously, from the fall of 1984

# TAPLATCRET

forward we developed a policy of ignoring Eden Pastora, because that was all we really could do with him during

We couldn't actively work to try to limit the damage he did then during the NOHA days and the attendant legislative framework we actively worked not to provide him with assistance from NOHA.

the hard core Boland days, was ignore him.

There is a reason for that. We had made a Very careful review of Eden Matters

that for multiple reasons we just didn't want to deal with Eden Pastora, not to mention the man's personality.

deeply involved in drug running, and

Even had he been above those two -- and we were not so certain whether he was or wasn't -- we couldn't make a clear distinction -- but we knew that he was a mercurial personality that was subject to manipulation by his friends, that he reacted badly to things U.S., and we had not been able to establish a cooperative relationship with him.

#### His staff and friends

smuggling, and we made a decision, one I defended ardently -that you just can't deal with this man. You can not.

2 3

# TOPLASCRET

Therefore, NAHO didn't deal with him, either.

None of his forces in the 1985 to January 1986 time frame
got anything. Nothing.

We were well into that operation in March of 1986, and part of that operation had as its undertaking not dealing with Eden Pastora or any of his entourage,

and trying to pull

them into a new collective.

It was within that context that -- and it was controversial. There was congressional pressure from both sides of the aisle, and not the center sides of those aisles, but a little bit further out to the right and left, in support of Eden Pastora. There was that -- that pressure was being brought to bear on the State Department.

The State Department doesn't like congressional pressure, and they were putting pressure on me to the the position, and we were pretty firm. We knew we had it right and didn't think it was worth changing.

## THELSECRET

Bill Walker and State Department had a couple meetings with Eden Pastora, trying to talk with him and get him to do things and to prove that he was someone we could work with. And each time he proved just the opposite.

It was in that context that one day I got a message on my desk through the channel -- that is a channel which is CIA communications through which an ambassador or any other entity can communicate to specific addressees in their parent organizations.

This particula message went, as I recall it, to the State Department for Elliott Abrams, White House for Oliver North, and to me, and to somebody in DOD. And it said that, "I, Ambassador Tambs, have talked to General Singlaub," and and General Singlaub had struck this deal with Eden Pastora.

I don't remember the text of it, but that was the thrust of it.

So, we had General Singlaub negotiating with Eden Pastora on behalf of the U.S. Government, and I went bonkers. What is this? This is contrary to everything we are doing. This is not the right answer.

It turns out that the message was released without the having seen it. I don't think that Ambassador Tambs knew exactly what the impact of

TOP SECRE

# 2 3 4 5 6 7 8 9 11 12 14 16 17 20 21

| it was; and we backed it off very quickly with some messages |
|--|
| saying that he doesn't speak for the U.S. Government, he had |
| no right to conclude such an agreement, and it was treated   |
| from the very beginning as null and void or without any      |
| substance.   |

- The agreement, as I recall, and as you just mentioned, does mention that the agreement is drafted in terms of an agreement between the U.S. and Eden Pastora.
  - Absolutely, yes.
- Do you know whether General Singlaub spoke to anyone in the United States Government before entering into the agreement about that?
- I don't know if he spoke with anyone, but I know that everybody reacted with the same horror.

It was my impression that he didn't speak with anybody in Washington about it. I suspect that he might have talked -- I just don't know. I don't know beyond that.

- You had mentioned Ambassador Tambs.
- He may have talked to Ambassador Tambs, but that is pure unadulterated speculation.
- There was nothing in the cable traffic that led you to conclude that he must have spoken to Ambassador Tambs?
- Well, it is hard to believe that he would have done this totally devoid of any context, any discussion at all.

10

13

15

18

19

22

23 24

Δ

But I don't know that there was any discussion.

One can conjure up an image that, as I said, State Department was nervous because of the pressure they were getting from various congressional quarters about Pastora, that maybe they had talked somehow to Tambs, Tambs had talked somehow to Singlaub, saying, "Talk to Pastora and see if you can't work something out; find out if the agency has got it right. The agency may have this wrong in dropping this.

It is an awkward situation." You know, that kind of thing.

- . But I don't know that for a fact.
- Q Was there a RIG meeting on this issue after it came up?
- A I don't think there was a specific RIG
  meeting, but it was certainly discussed on phones. Phones
  rang hot and heavy there, and there was probably -- Eden
  Pastora was discussed frequently at RIG meetings, and this
  policy was reviewed and looked at under a microscope,
  argued, debated, challenged, and this would have been
  discussed at the meetings subsequent to it.
- Q Do you recall any specific reaction by Elliott
  Abrams to this agreement that Singlaub --
  - A Yes, he was upset by it, too.

As I recall, all of the principals were upset of the concept of General Singlaub negotiating with Eden Pastora for the U.S. Government and wondered what in the

## TON STREET

24

2 3

1

4 5

7 8

6

9 10 11

12 13

14

15 16

17 18

19

20 21

22 23

24 25 hell was going on.

I believe that I am correct that Director Casey's calendar reflects various meetings with Singlaub in February or so of 1986.

Do you know what those meetings were about? Did you attend any?

I did not attend those meetings.

I have never met General Singlaub. I have spoken -since the start of this program -- talked to him a couple of times, and my secretary has talked to him, but up until sort of November-December, I didn't know General Singlaub and had had no dealings with him at all.

- Up until December 1986.
- 1986, yes.
- And --

By "this" program, I mean the current approvals to support and fund the contras. Very specifically, General Singlaub's organization has in the United States that they bought for the resistance forces. It is hung up in The resistance needs that Florida, and we have had some discussions and some legal discussions as to whether or not -- I have had some ; its funding; where it discussions about their came from; is it tainted with Iran-contra money; is it pure from Iran-contra money; what is its export license status;

# TOTALASSIRED

to whether or not we can assist the resistance in exporting

and have been in discussion with our general counsel as

And the decision is not taken yet. That is the purpose of the subsequent discussions indirectly with General Singlaub.

Prior to that time, I didn't know General Singlaub.

I had no discussions with him. The director never talked to me about those meetings.

I was aware, however, unlike the meetings with General Secord -- I was aware, unlike the meetings with General Secord, that the director met with Singlaub, but I didn't know why, and I even think one time I asked, said something to the director -- "You shouldn't be meeting with him" or something like that. But I didn't meet with him. And the director never told me what they talked about.

- Q Did you ever talk to, you know, Ben Wickham, I take it?
  - A Yes.
- Q. Did you are talk to Ben Wickham about General Singlaub?
- A Only in general terms. He told me that one time he called me up and said, people have to stand up for what they believe in. I am going to real go work for the contras."



#### TOP SECRET

I said, "Jesus, Ben, you got to do what you got to do, but are you sure that is smart?"

He said, "No, I am going to do it."

And I said, "Let your conscience be your guide."

He said, "I am going to work for General Singlaub."

I said, "Well, I would think twice about doing that." And that was about the sum total of my discussions with Ben, and Ben came down and said he was going to do it, and I wished him Godspeed.

Q Do you recall whether Mr. Wickham told you that you ought to be meeting with Singlaub?

A I don't recall him saying that, but he might have said that. I was not about to meet with General Singlaub.

Q Does there come a time around the spring of 1986 when Eden Pastora is arrested?

A No, but as I recall, there was some discussion of him being arrested and kicked out of the country, but I don't think he was ever arrested.

Q What was he being -- what was the occasion for the discussion about him being arrested?

A I am trying to remember just what that was.

I just don't recall. Anything I said would be just a wild guess.

Q Let me ask you this. The summer of 1986 -- you may have testified about this, and if you have, let me just

**/**25

#### EARL SECRET

go through it again -- in the summer of 1986, it is my understanding that you have some involvement in providing a bank account to Elliott Abrams.

A Yes.

Q Can you tell me what you know about that incident?

A Sure.

The story begins at an NSC meeting in the spring -maybe May of 1986 or thereabouts. I can't place the exact
time. You probably have the minutes from it. I know the
Tower --

Q I think it was an NSPC meeting about May 14, 18, something like that.

 ${\tt A} = {\tt Anyway}, \ {\tt it} \ {\tt was} \ {\tt chaired} \ {\tt by} \ {\tt the} \ {\tt President}. \ {\tt Cabinet}$  level meeting.

I was there as the staff support for the director.

The thrust of that meeting was that we had projected that NOHA funding would run out in July, final funding, and that even though we were fairly confident at that point in time that we were going to get congressional approval for a program, unabridged program of support, that probably wouldn't have happened until the August recess or even after the August recess. I think by that time we were pretty clear that it might not happen until September in the continuing resolution.

#### THE SESSIVED

 And the focal point was what to do about bridge money, what to do about funding the resistance, that there would clearly be a cash shortfall.

Nothing came out of that meeting. No decisions were taken, and then we calculated -- we -- Ambassador Duemling and I calculated and sharpened the pencils again and projected that the force could be fed through July of 1985, and that left a shortfall, and there was a lot of discussion that the State Department had to get out and exercise its authority to solicit money from someplace.

And in that context, sometime in late July, probably -- not probably -- the last week in July, because I have gone back and checked the dates. Elliott Abrams came to me and said, " there is a possibility for us to solicit money from the Sultan of Brunei. I am going to London to meet with his emissary. How should we handle the money? Do you have any ideas?"

I thought a minute and did some fast calculations, reflected largely on program, but knowing we couldn't put it in a CIA bank account.

I said what we ought to do is get to open up a bank account and deposit the money in that bank account, and then the money can be controlled so that it is spent under our control via that account, because, you know,

## TOP SECRET

guy, and we work very closely with him, and State does, too.

And he is -- I was fairly confident that he would spend the money for the correct things within the parameters of the law, because the law says, you know, you can solicit for things in the law.

Q So, that would be a way you could maintain control over it.

A Maintain control over it -- that was exactly right. That was what was in the back of my mind, because it could be controlled in USG, in particular by the State Department through that mechanism.

Elliott said, "Okay, can you see if you can do that?"

I said, "Yes."

So, I instructed my staff to contact

and have him open up the

bank account.

Time was short, because Elliott was leaving on a Friday, and it was mid-week, so he flew to and opened up a bank account

Q Who was "he" in that sentence?

accountant the co-signator on the account i

He opened up the bank account

with himself as the signator and his

You have the account. I don't remember any more

## TOPLASSIFIET

of what it is.

A And he flew back and called the account number in, and I gave it to Eiliott, and Elliott said, "Thank you very much."

And subsequent to that, I think I asked

Elliott if it was successful. He said he didn't know.

I asked

a couple times if any money had

been deposited. Most recently we asked him in, I guess,

March or so of this year, if money was deposited, and all

the answers were "no". That is the story.

- Q Are you aware that Mr. Abrams had also asked Colonel North for a bank account?
- A I became aware of that some time -- I think it was in December 1986.
  - Q So, well after that.
- A Well after. It was attendant to the investigations that I became aware of that.
- Q Did you ever learn from Mr. Abrams or from anybody that, although today no one seems to be able to find the money, whether or not the Sultan had agreed to provide funds?
- A I never got a specific answer on that. Elliott never -- he said he didn't know. He said -- and I never got a neat answer on that, so the answer to your question

#### TOP SECRED

r 2

3 4 5

7 8 9

6

10 11 12

13 14 •15

16

17

20 21

22 23

24

I have just two more areas I want to cover.

The first is that I think it was the Sunday after you were here last time Ambassador Tambs had a long piece in the paper. That was right after you testified.

Yes.

is "no."

Mr. Tambs essentially said, as I recall the article in the Sunday New York Times, that he acknowledged his instructions were to open a southern front, and he essentially said he was receiving his instructions from the RIG at a time when you were on the RIG.

Yes, and he said I was one of the core members of the RIG.

Q Okay.

And the attendant editorial in the New York

I wanted to give you an opportunity to comment on the article.

Having read the article and having gone back and reviewed all of the traffic related to that, I can say that the article had truth in it; but the fundamental allegations that I instructed him to, or Elliott Abrams

#### TAPLASSRET

instructed him to provide logistic support to the private benefactors is wrong.

The allegations that I instructed him -instructed him to open up a southern front is misleading.

That we supported the southern front, that we wanted the southern front opened up, that we intended to restructure that southern front and were actively involved in it is absolutely accurate.

We started, as I said, thinking about it in November-December of 1985. The law was changed in December of 1985, and by January of 1986 we were within the context of that law very actively involved in manipulating and working, manipulating the situation and working to establish the southern front.

Our was operating under instructions and in close coordination with us -- Ambassador Tambs knew it. Ambassador Tambs was working within that regard. But we didn't -- I didn't -- let me speak specifically about me -- I didn't instruct Ambassador Tambs to take actions that were in contravention of the law to provide logistic support to the private benefactors or things of that nature.

So, my impression of the article was it was kind of a pitiful article, because he hasn't got it exactly right. And I can't quite see what his motivation is in

 doing that and outlining it the way he did.

If that was his understanding, then he has some misunderstandings.

Q The last thing I want to ask you about is on about October 14. 1986 you attended a briefing of the members of the HPSCI staff. I suspect Mr. Giza was present.

The purpose of the briefing -- it appears you were summoned or requested -- the agency, I should say, was requested to attend, because the Hasenfus plane had recently gone down and the focus was to -- it appears from the questioning, at least, and from the memorandum done about the pre-briefing -- it was a pre-brief -- that the members of the committee wanted to know about United States Government involvement with the operation in the Hasenfus was involved.

You testified last time that by January or so of 1986, late December 1985, January 1986, you began to suspect that Colonel North has got some involvement with that operation, that in the summer of 1985 Colonel North comes to you and wants -- suggests to you that the agency should purchase the assets, that in August of 1986 you attended a meeting that you really wished that you had not attended that involved -- I can't remember if you were at the meeting with Felix Rodriguez or --

A Not, definitely not the meeting with

Felix Rodriquez.

Q You were at the follow-up meeting, I guess, where Felix Rodriguez was discussed, and some of what he said was discussed.

Let me just ask you -- there were a number of questions that were posed, principally to Mr. George, asking what the agency knew about this private operation, and Mr. George -- and even more strongly, Mr. Abrams -- both emphatically stated -- Mr. George says the agency had no involvement whatsoever, but it appears Mr. Abrams states that the United States Government had no involvement in that private resupply operation.

Is that your recollection of what occurred at that meeting?

A Generally, yes.

I would have to read the transcript to reflect my recollection. But generally, that was it, yes.

- Q Why didn't you speak up and tell the committee about your belief by this time that Colonel North was involved in that operation?
- A Let me start off by saying that Mr. George's position at the agency was not involved in these operations. That is absolutely accurate, according to our knowledge at that point in time.
  - Q I understand.

 A And I think that subsequently we did find out that was a little more closely involved than the instructions would have otherwise have had him be, but still our office of General Counsel has determined that, from their opinion, that his activity, although represented a violation of standing operating procedures and regulations and instructions, does not represent a violation of the law.

So, I think Mr. George's testimony is absolutely accurate.

I didn't speak up for two reasons. First off, the question was not directed to me. Secondly, it was my belief that even though I had bits and pieces of this thing pulled together, I did not believe it was a U.S. Government operation. I still don't believe it was a U.S. Government operation.

I didn't know then what I know now about the involvement of the involvement, apparently, based on General Secord's testimony -- the alleged involvement of Colonel Steele, and didn't see the need to intervene in that testimony.

Now, I have testified in front of the House

Committee in previous times to that in direct response

to questions by Congressman Brown when he asked me a very

similar question, or questions, why we were not investigating

that.

 Q I have read that.

A And I said to Congressman Brown that so far as we have been able to tell in looking at it, the trail leads back to the United States and U.S. persons and U.S. money.

And that is not a matter for us to investigate. That is where I was.

I thought they were private individuals and was unaware of the scope and nature of U.S. Government, official government positions.

I believe Ollie's involvement was one, as I think
I have described, of the second team quarterback on the
sidelines flashing signals to the quarterback playing the
game, and not a direct involvement.

I didn't think he was running the operation.

I knew he could influence it. I knew he could cause it to do things, but I didn't think he was a direct player.

So, I made a decision. It may or may not be right.

I just stayed silent.

Q I would be glad to show this to you. I am not hiding it in any fashion. The Chairman in speaking to Mr. George says -- "You began with a series of denials of CIA involvement in any way, directly or indirectly, in supplying the contras. Does the same denial apply to the United States Government across the board, in other

#### TOP SECRET

words?

"Mr. George. Mr. Chairman, I can not speak for the United States Government. I can speak for the Central Intelligence Agency.

"The Chairman. Can anyone assure us that the United States Government was not involved, indirectly or directly, in any way in supply of the contras?

"Mr. Abrams. I believe we have done that, and I think it is -- done that -- that is, I think the President has done it, the Secretary has done it, and . I have done it.

"The Chairman. So, the answer is the United States Government was not involved in any way?"

It seems to me in reading this whole transcript the direct impression that comes across in the testimony of Mr. George and Mr. Abrams is that there is no government involvement whatsoever in this entire operation, and yet you testified before that you, as well as a number of other people in the United States Government, are, especially by October of 1986 -- have fairly certain knowledge, although some of it you derived inadvertently, that Colonel North was quite heavily involved.

Did you just make a decision that your information was not solid enough to speak up at that time?

A Well, as I think you can see, the questions weren't

 directed to me, and for that I am extremely grateful.

Q I understand.

A And, frankly, at that point in time, I think to lay it out there I was just grateful the question was not directed to me.

And I don't know how to answer it, had it been directed to me. I knew the CIA was not involved, and I suppose that is a tremendous parochial view, but I think that, as you see throughout the testimony and in your investigation of this entire affair, my position has been that as I steamed through what I knew to be troubled and potentially perilous waters, I wanted to keep the agency off the shoals and clean, and made decisions that were based on that staying within the parameters; and so I would have testified similar to Mr. George, that I knew about the agency. I didn't know and would not speak about the U.S. Government.

That was the way I would have answered the question.

MR. EGGLESTON: I have nothing further.

#### EXAMINATION

BY MR. GIZA:

Questioning that was pursued by Mr. Eggleston, when you testified before us on the first of May, you gave the

1

8

9 10

11 12

13 14

15

16 17

18

19

20

21 22

23

24

general indication in our discussions that you pretty much knew in the winter and spring of 1986 that people like Richard Gadd, people like Felix Rodriguez, were involved in this, and you had some sense that those same individuals who were providing humanitarian assistance were also providing lethal assistance.

You recounted for us at the time an incident on the tarmac at where there was a load on an aircraft that was going to You indicated this couldn't go. You went with Felix Rodriguez, placed a direct call to Oliver North.

I would like to introduce for today Exhibit 12, CIIN No. 2307, and show that to you,

> (Exhibit No.12 was marked for identification.)

(The document marked as Exhibit No. 12 follows:)

\*\*\*\*\* INSERT 1-1 \*\*\*\*\*

#### TOP SECRET

4 3

2 3

4 5

6 7 8

9 10

11 12

13 14 15

16

17 18

19 20

21 22

23 24

25

Are you familiar with that memo?

Yes.

You read it?

BY MR. GIZA:

Yes.

At the time --

Yes.

-- that it occurred?

The memo gives an indication, at least, that Oliver North was, in fact, a principal focus of this operation.

One could interpret it that way. Maybe you did not. But that he had been, quote, unquote, "coordinating" between Felix Rodriguez and Oliver North.

So, not only did you have this incident with Oliver North making coordination arrangements, but you had the incident with Rodriguez where Felix Rodriguez talked to Oliver North on the phone.

As you went through the summer, you saw additional incidents where Felix was involved with these aircraft, where North was also involved.

Isn't it true you told us that North had also shown you photographs of the airfield in

Yes. Nor just me, the whole --

#### TOP SEERED

| 2 |  |
|---|--|
| 3 |  |
| 4 |  |

4 5 6

| Q | Members | of | the | RIG? |
|---|---------|----|-----|------|
|   |         |    |     |      |

A A whole group of people. And beyond that, as I recall, it was a fairly large meeting.

Q So, you had a general sense that Oliver North was not only knowledgable of the aereal resupply effort, but he was also knowledgable of the airfield in

Let me introduce from the testimony on 14 October 1986 Exhibit No. 13.

A Okay.

(Exhibit No. 13 was marked for

identification.)

(The document marked Exhibit No. 13 follows:)

BY MR. GIZA:

Q You are familiar with that testimony given by you during that session on 14 October?

A Yes.

Q While Mr. George responded to the questions as to the airplane, you also responded, indicating that you did not know, and again, when the Chairman asked secondly, you said that you again did not know.

A Yes.

They asked me the question. The Chairman says, "You do not know whose airplane that was?"

Mr. George said, "I have no idea. I read -- except what I read in the paper.

The Chairman said, "I understand, but you don't know?"



No. We do not know."

At that point in time, if you would have asked me who owned that airplane, I didn't know who owned that airplane.

Q You may not have known who the specific owner of the airplane was, but you did, in fact, know a good deal about the operation that was underway at

A You couldn't have been in my job and been competent and not have developed an understanding of the operation a

As I testified before, my job was to keep the agency out of that operation and to stay within the bounds of propriety and legality, and if I -- I did not allow myself to develop a deep understanding in specific terms about how that operation ran, who was behind it, and whose airplanes those were and so on.

So, I would still stand by that answer at that point in time.

end mag 

#### TOPISECRED

If you wanted to ask me whose airplanes those were, I did not know. If he had asked me, do you know who ran the operations and what, that is a different question and that would have been a different set of answers.

But as to whose airplane that was, I am still not sure who owns those airplanes.

Q The chairman -- you indicated you did not know who was flying the flights or who was behind them. The chairman said, and you still don't know, you responded, that is right; no?

Isn't it true that an individual by the name of came to work for the Central Intelligence Agency some time in the summer of 1986?

A I don't know when he came to work for the Central Intelligence Agency.

- Q Wereyou knowlegeable of the fact that had participated in this private benefactor resupply effort?
- A Some time after -- I would have to get the exact dates -- after the 123 crashed and I think probably after that hearing, but again, I don't know that was brought to my attention. But I have never talked to made it my business not to be the person that debriefed him.
- Q But there was someone in the Central Intelligence Agency who had been a direct participant in this effort?

 A That is my understanding, yes. But I think that the record should be made absolutely clear that his clearance and the process of employment was begun prior to that and that he was not operating in those private flights with the --understands the instructions of the agency and indeed, I think that most, if not all of the agency management didn't know that he was involved in those private flights. It came as quite a shock to some of us and indeed to the management to find out that he was there.

Q Management didn't find that out until after they hired him?

A I don't know. You would have to ask the people who hired him and the people for whom he worked. It didn't come to my attention until after the 123 crashed and we were doing a very thorough interim review and it came to my attention in that context. Someone said there is this fellow and he does this. I brought it to the attention of my superiors. He was thoroughly debriefed and from there the story, I think, is known.

Q When you had that meeting with Don Gregg, Mr.

(space)
Walker, Robert Earl, Ambassador Corr, Colonel Steele, perhaps some others that I have left out, you were certainly knowledgeable that Felix Rodriguez was a main player and involved with this private benefactor resupply effort. I believe that at the time Felix was also knowledgeable and perhaps made

,

TOP SECRET

known names of other individuals who were involved, Richard Second, Thomas Clines, others.

MS. McGINN: Are you asking a question?

MR. GIZA: No, no, I am making a statement.

BY MR. GIZA:

Q So all of these individual's names were being bandied about. Have you ever heard any of these names mentione in connection with the private benefactor resupply effort?

A Second, yes; Clines, never in direct association with it. I had seen a couple of pieces of paper that let me know that Clines might be around but more on the arms side of the equation than on the air delivery side.

I still to this day don't associate Clines with the private Benefactors that flew the flights; but I saw a couple of peices of paper which would have allowed me to make the sort of quantum leaps that intelligence officers, operations officers make, saying, well, I wonder whether he is involved.

But specifically, no. And I don't recall in that meeting Clines having been mentioned at all. I don't recall Secord necessarily having been mentioned in that meeting.

- Q You knew from other information that Second may have been involved in the operation?
- A I believe by that time I had an understanding of Secord being involved.

TOP SECRET

MR. GI2A: I would like to enter the following exhibit as number 14, into the record again from the October 14, 1986 testimony before the Intelligence Committee.

(The document referred to was marked as Exhibit for identification:)

INSERT la - 1

#### TOP SECRET

48

| 1  |  |
|----|--|
| 2  |  |
| 3  |  |
| 4  |  |
| 5  |  |
| 6  |  |
| 7  |  |
| 8  |  |
| 9  |  |
| 10 |  |
| 11 |  |
| 12 |  |
| 13 |  |
| 14 |  |
| 15 |  |
| 16 |  |
| 17 |  |
| 18 |  |
| 19 |  |
| 20 |  |
| 21 |  |
| 22 |  |

MS. McGINN: If you are going to put this into the record, I would ask that you put the whole testimony into the record rather than piecemeal.

MR. GIZA: We will be happy to do that. We can put the whole testimony in.

MS. McGINN: Yes, and if you would allow the witness to see the entire tescimony, it makes it better for him to answer the questions within that context rather than one page at a time.

MR. GIZA: If the witness would like to see the rest of this testimony, we would be happy to show him the entire transcript.

THE WITNESS: Let me look at his and see the pages front and back.

MS. McGINN: Are you going to enter the whole transcript into the record?

MR. GIZA: If you would like it, we would be happy to do that.

MS. McGINN: Yes; why don't you make the whole one as Exhibit 14, rather than one piece?

MR. EGGLESTON: Why don't we make the whole transcript Exhibit 15?

(The following document was marked as Exhibit for identification:)

15

COMMITTEE INSERT

#### TOP:SECRET

BY MR. GIZA:

Q Mr. Brown in the question posed to you on that page asked that you provide the committee with the information, the intelligence the CIA had concerning the resupply operation?

A Yes.

Q Since the funding cut off -- that information was, in fact, provided to the committee?

A Yes. We provided him all of the intelligence that we had on the best -- to the best of my knowledge, on the supply operations. We went back and did a complete review of the files and pulled it together, and I think you had the documents given to you.

Q Can you tell us why the Central

Intelligence Agency's memos to were not provided to the Intelligence Committee?

A No. I can only tell you that it was a mechanical breakdown. That decision was taken by the chief of the reports, which I was not aware of, to do it. There was nothing underhanded, nothing, no skullduggery intended. It was just a mistake.

Q What do you term a mechanical breakdown?

A I told the chief of reports that I wanted him to produce all the intelligence on the supply operations to the resistance between this period of time. And I don't

JM 7

1 2 3

### THE SECRET

read those reports when they go out. To my mind it was everything. It was only when the matter came up, I think some months later you brought it up in somewhat irritated fashion, that the memo to had not gone forward. I went to talk to my chief of reports who was the technician, the chief technician that passes this stuff back, and I found out he had not given you the memo to

You will have to ask him why he didn't. He told me there was sensitive limited distribution and didn't think that they were to be included. If they were to be included, they were not sent forward; and it was a mistake.

. Q Who was the individual who was the chief or reports?

A

I believe you are aware that the Intelligence Committee, over the course of the last two or three years, has been reviewing on a periodic basis, perhaps every quarter, the agency's reports known as TDs, those reports produced by the deputy director for operations that concern reports on UNO and the FDN. Were you aware during that period of time over the last two to three years that again no memos to were provided to the staff of the Intelligence Committee?

A No, I was not aware of that. I became aware of that only at this point in time. I had no intention of

2

3

5

6

7

8

9

10

11

15

TOP SECRET

51

not providing you the memos the mind we had nothing to hide.



because to my

Q Thank you.

I have one other additional question.

Have you ever met with Spitz Channell?

A No.

Q Have you ever met with someone named Robert and Jane Drissel?

A No.

Q Thank you very much.

A I would like to read into the record two reports that cosses by desk yesterday, or Friday evening, and point out to you, the committee, the damage this committee is doing

to the U.S. interests in Centeral America.

24

# UNGLASSIFIED

Pages 52-53 deleted in their entirety

1 2

These are just two. We see overand over again since this has begun, Central American countries questioning the wisdom, the fidelity of the United States and their wisdom of continuing their assocition with us.

I just whated to put that on the record.

The final point I want to put on the record is an excerpt from the CIA legal opinion regarding the Intelligence Authorization Act for fiscal year 1986, Section 105, Public Law 99-169, 4 December 1985. Conclusion is based on, this is -- there are two pertinent elements from that. A, CIA had the authority under that act to provide for information and advice including intelligence information and advice for and used by the resistance. CIA had the authority to

#### TOP SECRET

jm 12

provide information and advice on resistance supply efforts so long as this did not amount to participating in the logistics activities integral to resistance military or para-military operations.

The finding goes on to point out that in the opinion of the general counsel such advice was not, did not differentiate between lethal and non-lethal equipment; and he quotes from that statement made by Senator Durenberger from the Floor of the Senate in the Congressional Record, S-16074, daily edition, dated 21, November 1985. I will not quote from that.

It is all of the instructions that I have made reference to and all of the instructions that I gave from the period roughly, 24 December 1985, forward, until enactment of the current legislation rested on that opinion.

MR. EGGLESTON: let me just say in response, and this is not intended to get into any sort of argument with you; but obviously the two Select Committees have done a somewhat complete investigation, or an investigation of these various activities, and I just might also point out that Congress repeatedly through 1985 and 1986, asked Colonel North, the NSC, on occasion members of the Central Intelligence Agency, whether or not the law was being complied with, not just by the CIA, but by members of the NSC staff; and I can only wonder whether if the government, if the

- 13

 TOP SECRE

Congress had gotten accurate responses back then the extent of Colonel North's involvement in supporting the contras militarily, financially, with advice, whether or not you would be in this situation.

THE WITNESS: Well, as I said, I think at the outstart -- maybe this will be my final remarks -- my job from the time I came into this as chief of the Central American Task Force was to support the Administration's policy within the bounds of the legal frame work and it was very clear to me that those instructions intailed doing all that I could within the bounds of legality to preserve the option of bringing para-military pressure to bear on Nicaragua to preserve the resistance forces, once the preserve the Administration of legality and to do all I could to support the Administration and working to change the frame work and achieve the space and approval we needed.

I worked to do that within the bounds of legality, to the best of my ability.

MR. EGGLESTON: Thanks

Thanks for coming down again today.

THE WITNESS: Thank you.

(Whereupon at 10:45 a.m., the deposition concluded.)